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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Monday May 16 1988

D 8523 A

G-7 shifts focus to micro-economic issues, Page 4

World News

Delhi forces 140 Sikhs to surrender in Temple siege

The Indian Government scored a victory in its four-year fight against Sikh extremists in the northern state of Punjab when more than 140 people surrendered at the Golden Temple in Amritsar after a seven-day siege by more than 2,000 commandos and paramilitary forces.

Shooting continued between security forces and 70 extremists who had refused to surrender. Page 24

Israeli attack in Sidon

Israeli aircraft attacked a Palestinian base south of the Lebanese port of Sidon last night. There were no immediate reports of casualties. Page 24

Syrians in Beirut slums

Some 7,000 Syrian troops entered Beirut's southern suburbs where rival Shia militia groups have been fighting, with instructions to shoot at any fighters refusing to surrender their arms. Page 24

Sudan gun attacks

A number of people were seriously injured when unidentified men firing machine-guns and tossing grenades launched two simultaneous attacks on a hotel and a club in Khartoum frequented by Westerners. Sudan coalition. Page 3

Beirut shooting

Three people were shot dead in Northern Beirut when terrorists fired automatic weapons in a Beirut pub used by Roman Catholics. Page 2

Bus crash kills 27

At least 27 people, teenagers and their parents, were killed near Carrollton, Kentucky, when the bus in which they were returning from a church outing burst into flames after colliding with a lorry. Page 2

Tourists drowned

Six people, including four American tourists, died and eight others were injured when their motorboat capsized and sank off Dubrovnik in the Adriatic, the Yugoslav state news agency reported. Page 2

Gulf delays

Iraq's attack on Iran's Larak Island off-export operations in the Strait of Hormuz is likely to cause loading delays. Page 24

ANC in Angolan war

Guerrillas of the ANC provided new evidence of the increasing involvement by themselves and the Namibian rebel movement, Swapo, in Angola's civil war. Page 3

Workers' debate

Nearly 1,500 delegates from Costa Rica, South Africa's black trade union federation, met in Johannesburg to agree a strategy to counter repression and new labour legislation. Page 3

Goria to stand

Former Italian Prime Minister Giovanni Goria presented himself as a candidate for the leadership of the Christian Democrat Party. Page 3

Israeli officer jailed

An Israeli military court jailed an officer for four months for his role in an attempt to bury alive four Palestinians with a bulldozer in a West Bank village in February. Page 3

Vote move defeated

Two republics of Yugoslavia failed to bring down the Government of Prime Minister Branko Mikulic with a vote of no-confidence in the Federal Parliament. Page 3

Pending hearings

The Privy Council in London begins hearings of a case that could disrupt the life of the Bahamas and the position of its Prime Minister, Sir Lynden Pindling. Page 6

Business Summary

Sour Staley speculators count their losses

SPECULATORS in the shares of Staley Continental, the US corn sugar group that accepted a \$1.45bn takeover bid from UK sugar refiner Tate & Lyle, will be counting their losses when Wall Street opens today. Page 26

SIGNS are emerging of deepening troubles at Texas savings institutions, adding to continuing problems with many of the state's banks. Page 25

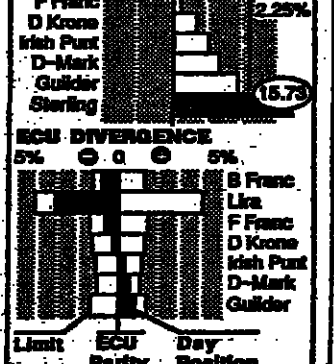
EUROPEAN Monetary System

The French franc brushed aside speculation that EMS currencies would be realigned after French Presidential elections were over. It finished the week slightly firmer in places, prompting the Bank of Italy to intervene from time to time as the lira came under pressure. Page 25

Trading volume was curtailed

Ascension Day holidays on Thursday, which closed most European markets, and most curtailed trading activity within a fairly narrow band. Page 25

EMS May 13, 1988



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move by more than 2 1/2 per cent. The lower chart gives each currency's divergence from the 'central rate' against the European Currency Unit (ECU), itself derived from a basket of European currencies.

Malaysian Government has

appointed Datuk Eric Chia, a leading industrialist, to head Perwaja Steel, the troubled government steel project. Page 26

OSAKA SANJO, Japanese industrial

gases company in which BOC Group of the UK has a controlling interest, saw a surge in pre-tax profits of 76 per cent in the six months to March to ¥818m (\$6.57m). Page 26

MITTEL, Canadian telephone

exchange switch manufacturer which is 51 per cent owned by British Telecom, has reported a reduced deficit of £324.3m (\$518.7m) or 36 cents a share for its year ended March 25. Page 26

UK NATIONAL SAVINGS contribu-

tions continued their slow decline, totalling £157m (\$255m) in April compared with £225m in April last year. Page 12

JAMES CAPEL, securities house,

said Britain should not become a full member of the European Monetary System until the system became more orientated towards growth. Page 12

CONFEDERATION of British

Industry/Financial Times survey revealed April sales of leading retailers fell short of expectations. Page 12

SEMATECH, semiconductor

research consortium, aimed at restoring the international competitiveness of US chipmakers, reached a funding and management agreement with the US Defense Department. Page 6

NESTLE, Swiss food group, is due

to publish the formal offer document for its £2.1bn (\$3.9bn) takeover bid for York-based confectioner Rowntree. Page 28

Soviet troops face worst part of Afghan pullout today

BY OUR FOREIGN STAFF IN LONDON

THE FIRST Soviet troops to begin withdrawing from Afghanistan face the most hazardous part of their exodus today as they travel north on the 200-mile route to the border with Soviet Uzbekistan. The heart-stopping episode begins when the slow-moving convoy has to go through the narrow, five-mile-long Salang Pass.

The pull-back of the occupation force began on schedule yesterday when the first convoy of 12,000 troops and 300 tanks and armoured personnel carriers withdrew safely back to Kabul, the capital, from the eastern town of Jalalabad.

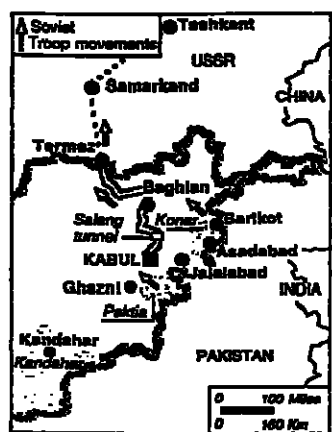
Colonel Alexander Zubrilin, one of the Soviet commanders in Afghanistan, said in Kabul yesterday that there were no casualties during the harrowing 85-mile ride which takes eight hours through rebel-infested mountains from Jalalabad to Kabul.

The arriving troops were met by crowds of cheering Afghans and taken immediately to a parade reviewed by President Najibullah to mark the start of the withdrawal.

However, the resistance demonstrated that they can attack at will in the heart of Kabul shortly before the withdrawals officially began. On Saturday, a bomb exploded in a truck in central Kabul, killing 16 people, and a series of rockets near the British Embassy, in the north-west of the city, killed at least four more.

The official withdrawal began exactly 33 years to the day after the Soviet Union's last withdrawal negotiated with the West, the pull-out from Austria on May 15 1955.

Yesterday's troop movements were the beginning of the end of a Soviet occupation which began at Christmas 1979 and ended humbly when Mr Mikhail Gorbachev, the Soviet leader, concluded that the war against the Afghan Mujahideen resistance could not be won.



Mitterrand calls snap poll to seek Assembly majority

By Paul Belts and George Graham in Paris

FRENCH President Francois Mitterrand has called a snap general election for the beginning of June in an effort to gain an overall majority in the National Assembly. The weekend decision follows his landslide victory in the presidential election eight days ago.

The dissolution of the National Assembly, where right-wing parties had a slim majority, comes after unsuccessful efforts by Mr Mitterrand and Mr Michel Rocard, the new Socialist Prime Minister, to attract French centre-right leaders into the new Administration as part of the President's attempt to enlarge his political base.

Pressure grows in Britain to clarify exchange policy

BY CHARLES HODGSON AND SIMON HOLBERTON IN LONDON

HIGH-LEVEL differences within the British Government over exchange-rate policy are causing increasing concern among Prime Minister Margaret Thatcher's Conservative Members of Parliament (MPs).

The Government will be under strong pressure today to clarify its position following urgent calls from both its own Conservative supporters in Parliament and the Opposition for a statement denying any rift between Mrs Thatcher and Mr Nigel Lawson, Chancellor of the Exchequer.

Government officials were at pains yesterday to play down the row and resulting speculation of a big Cabinet reshuffle in the autumn. A spokesman for the Prime Minister said there were no plans for a statement and no change in the position on the economy or ministers.

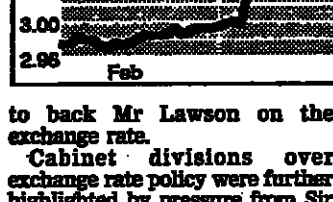
The continuing public dispute is, however, causing increasing concern on the Conservative backbenches. Sir William Clark, chairman of the Tory backbench finance committee, said yesterday: "The time has now come when the Prime Minister and the Chancellor should state that there is no rift between them, that they are agreed on inflation... and also our exchange rate policy."

Speaking on BBC radio, Sir William said that a joint statement would "steady the market and the Chancellor should state that there is no rift between them, that they are agreed on inflation... and also our exchange rate policy."

Mr Lawson sought yesterday to dampen talk of a wider Cabinet rift fuelled by Sir Geoffrey's remarks. Mr Lawson said that Sir Geoffrey had been simply restating his known opinion on the ERM.

Opposition Labour Party MPs are set to continue their vigorous exploitation of the dispute, urging the Prime Minister to give clear backing for Mr Lawson's policy of co-ordinated interven-

Sterling



to back Mr Lawson on the exchange rate. Mr Roy Hattersley, Labour's deputy leader, said yesterday: "The continuing conflict between Mrs Thatcher, her Chancellor and her Foreign Secretary... is deeply damaging to Britain's economic and industrial prospects."

He urged Mr Lawson to make "a firm and clear statement" on government economic policy. Government officials insisted, however, that the dispute was being "over-interpreted" in both the media and the markets.

The Treasury reiterated its line that current policy was directed towards stabilising exchange rates and that interest rates would be set at whatever level was needed to bear down on inflation.

Mrs Thatcher's apparent unwillingness to support Mr Lawson in the House of Commons

De Benedetti raises stake in Olivetti to 20 per cent

BY ALAN FRIEDMAN IN MILAN

MR CARLO DE BENEDETTI, the Italian financier, has spent £150m (\$23.4m) to increase to 20 per cent from 14 per cent his shareholding in Olivetti, the data processing equipment maker of which he is chairman.

The move strengthens the De Benedetti group's presence in Olivetti after significant differences between the company and American Telephone & Telegraph (AT&T), the US telecommunications giant which since 1983 has been Olivetti's "global partner" and biggest single shareholder.

Largely through share purchases on the Milan bourse, Mr De Benedetti has brought the equity stake held in Olivetti by CIR, his quoted holding company, to within a whisker of the 25 per cent stake owned by AT&T.

Olivetti and the US group have had differences in recent months over AT&T's shareholding and issues of computer technology.

The Italian company, which last year launched a new line of new minicomputers, appears poised to opt for a microprocessor standard developed by Motorola. AT&T's main rival in the sector.

On the shareholding front Olivetti's differences with AT&T

Major US computer manufac-

turers are likely to announce plans tomorrow in an effort to stop American Telephone and Telegraph's hold on a system which allows different makes of computers to communicate with each other. Analysts say the outcome will probably have a key impact on future industry ratings. Page 24

Relations between the two

companies are now on a cordial, but rather less collaborative footing. Mr De Benedetti, in an interview published today in L'Espresso, an Italian weekly magazine, says he hopes that "AT&T will remain a shareholder of ours" but he also claims that Olivetti "no longer needs a big partner."

A link with AT&T, according

to Mr De Benedetti, was relevant when the US group bought into Olivetti in 1983, but this was no longer the case.

"Now we need to reach sectoral

alliances where and when they are necessary," he argues. He describes the increased stake in Olivetti as "one of several thorns that are turning into roses."

The 53-year-old Mr De Benedetti

has in the past two weeks won effective control of Credito Romagnolo, Italy's second biggest private bank, and Mondadori, the Milan-based publishing house.

He predicts that he will soon

reach a settlement with the Suez group of France, against which he has been battling for control of Societe Generale de Belgique, Belgium's biggest holding company.

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OVERSEAS NEWS

Correspondents in Paris analyse the centre-right's approach to next month's elections and a change at the top of the Socialist party machine

Snap election upsets centre-right

BY GEORGE GRAHAM

THE PREMATURE dissolution of the National Assembly, announced on Saturday night by President François Mitterrand, has thrown the French centre-right parties into a paroxysm of annoyance mingled with anxiety.

With the single notable exception of Mr Raymond Barre, the defeated centrist candidate in the recent presidential election, the UDF, the centre-right grouping which with Mr Jacques Chirac's right-wing RPR forms the parliamentary majority, yesterday attacked the decision.

From ex-president Valéry Giscard d'Estaing to Mr Pierre Messmer, the leader of the CDS party - one of the UDF's components - the centrist criticised Mr Mitterrand for acting in contradiction with his proclaimed desire to unite the country and to open up the government to the centre.

Behind their attacks lay two fears: first, that the blame for the failure of this "opening up" would be laid at their door,

because of their overwhelming refusal to accept posts in the newly formed government of Mr Michel Rocard, and second, because the rapid parliamentary vote leaves them in a precarious electoral position.

Mr Rocard appears to have set the centrist against him, but appears to be hoping that the election will provide a new opportunity to woo them into the government of unity sought by President Mitterrand.

For the new parliament will be elected in two rounds of voting, with single member constituencies, the traditional system restored by Mr Chirac's government in 1986 after a single experiment with proportional representation, introduced by the last socialist government in 1985.

The proportional ballot in March 1986 gave the RPR-UDF coalition a slim majority with 229 of the 577 seats on 41 per cent of the vote, while the Socialist Party, with around 31 per cent of the votes, has 214 seats. The

restored two-round system would probably have given the right 30 to 40 more seats on the same vote.

An Ipsos opinion poll published yesterday showed the socialists taking 41 per cent in a legislative election, with the RPR at 24 per cent and the UDF at 15 per cent. The redrawing of constituency boundaries by Mr Chirac's government in 1986, however, has made it difficult to gauge the likely result in numbers of seats.

The new boundaries were hotly contested at the time, and President Mitterrand refused to sign a decree bringing them into effect, forcing Mr Chirac to push them through parliament on a vote of confidence.

The UDF has made no secret of its willingness to vote a return to proportional representation, but ironically Mr Rocard is of all socialists the least enthusiastic about RPR and resigned from the last socialist government in 1981 in protest at the decision to introduce it.

The most anxious, however, are the minority parties - principally the ultra-right National Front led by Mr Jean-Marie Le Pen, and the Communist Party, with about 35 seats each on around 9.5 per cent of the vote - which are likely to see their parliamentary representation slashed under the single-member constituency system.

The Ipsos poll shows the National Front falling to 8 per cent, compared with the 14.4 per cent scored by Mr Le Pen in the first round of the presidential election, and the Communist vote at 6 per cent.

The calling of a snap election is likely to reforge the alliance of the UDF and the RPR, which had been severely shaken by their poor showing during the presidential election.

The two groups are expected to agree not to put up candidates against each other's sitting members, and to try to agree on a single candidate in other constituencies.



Rocard: still hoping for an opportunity to woo centrist into a government of unity

Mauroy beats Fabius in contest for key Socialist Party post

BY PAUL BETTS

MR PIERRE MAUROY, the former Socialist Prime Minister and representative of France's solid northern socialist tradition, was elected first secretary of the French Socialist Party at the weekend after a fierce internal leadership contest with Mr Laurent Fabius, long one of President François Mitterrand's protégés and exponent of moving the party to the political centre.

Mr Fabius, who at 38 became France's youngest premier when he replaced Mr Mauroy in 1984 until 1986, campaigned vigorously for the last few months for the top party job held by Mr Lionel Jospin, the new Socialist Education Minister.

But many in the party became increasingly worried by what they saw as an attempted takeover of the party apparatus by Mr Fabius whose social-democratic convictions are closer to Mr Fabius's centrism than to Mr

candidate. Mr Fabius's modernist views and image also worried the party's older guard anxious to preserve traditional left-wing values.

Although Mr Fabius had been the favourite, Mr Jospin, who served as party first secretary for seven years, tilted the balance when he came down firmly in favour of Mr Mauroy, the mayor of Lille and the socialist prime minister who included Communists in his government and launched the left's programme of nationalisation in 1982.

The election of Mr Mauroy is a serious setback for Mr Fabius, but he is now expected to try to forge a strong faction inside the party.

Paradoxically, the election result is seen as a boost for Mr Michel Rocard, the new Prime Minister whose social-democratic convictions are closer to Mr Fabius's centrism than to Mr

Mauroy's more traditional socialism. The election of Mr Fabius would have placed a direct rival at the top of the party machine for an eventual bid for the presidency. Relations between Mr Rocard and Mr Fabius have always been cool.

Mr Mauroy confirmed after his election that he wanted the Socialist Party to remain anchored on the left. "The Socialist Party must above all remain socialist," he said yesterday. However, he also added that it must also work to assist President Mitterrand in his efforts to enlarge and extend his electoral base to the centre.

"What is now necessary is the existence of a real centre in France ready to accept an alliance with the Socialist Party," he explained. He said the socialists were willing to consider supporting centrist candidates in certain constituencies.

Yugoslav bid fails to unseat Mikulic

BY ALEKSANDAR LEBL IN BELGRADE

TWO CONSTITUENT Republics of Yugoslavia - Croatia and Slovenia - failed at the weekend to bring down the government of Prime Minister Branko Mikulic with a vote of no-confidence in the federal parliament.

Both houses, the Chamber of Republics and Provinces and the Federal Chamber, rejected proposals put forward by MPs from the two republics for a vote of confidence. Earlier they had rejected a proposal for the vote to be held in secret. The votes were 64 to 23 and 125 to 64, respectively.

Had there been a vote of confidence, the outcome would have been the same. Even MPs disinclined to vote against Mr Mikulic, largely for fear that the newly negotiated standby arrangement with the International Monetary Fund would be delayed, were highly critical of the Government.

Mr Mikulic admitted the seriousness of the economic situation and many shortcomings in his Government's economic policy, but sought to spread the blame among various of institutions in

Yugoslav political life, not least the constituent republics and autonomous provinces.

He denied that his cabinet had exclusive responsibility. His opponents, however, blamed inconsistency and lax policy implementation and the incompetence of Mr Mikulic and his cabinet. They demanded the vote, knowing in advance that they would fail to bring down the Government. But they wanted to dissociate themselves from past performance.

After the vote, the parliament approved the standby arrangement with the IMF, clearing the way for imminent approval by the IMF board and introduction before the end of this month.

A further \$1.2bn, however, is needed from Western institutions, including the Bank for International Settlements and, possibly, the EC to underpin new Government measures on which the standby arrangement is contingent. These include relaxation of curbs on price rises, on imports and foreign exchange controls. They will go into effect today.

Little harmony by troubled waters

BY DAVID BUCHAN IN TRAVEMÜNDE

ALONG THE waterfront of this West German Baltic resort, the Einkaufsfahrt (buying trip) boats tout for custom.

What they are offering is a short cruise, not to nearby Denmark or even nearer East Germany, but into international waters, just far enough to establish that passengers have left West Germany and can buy duty-free goods.

So the setting could hardly have been more fitting for EC finance ministers to have spent the past weekend here arguing about whether indirect taxes, and their different levels in different EC states, distort trade.

The vexed issue, of course, is the EC Commission's proposals to harmonise, or approximate at least, rates of value-added and excise taxes, to help create the internal EC market by 1992.

The Commission has suggested two bands of VAT rates - 4 to 9 per cent and 14 to 20 per cent. This poses particular problems for such countries as Denmark with very high VAT rates, Luxembourg with very low rates, and the UK, Ireland and Portugal

with a range of zero-rated goods.

However, far from the example of the Travemünde entrepreneurs winning support for the commission argument, the weekend meeting showed more clearly than ever the problems the commission confronts.

"In all the five years I have attended EC finance ministers' meetings, I cannot recall a single commission proposal which has been greeted by so



Cockfield: Lawson's vehement opponent

many very substantial doubts, misgivings, problems and difficulties," commented Mr Nigel Lawson, UK Chancellor of the Exchequer.

To a large extent, the debate has become a personal duel between UK Government Ministers and Lord Cockfield, the EC Internal Market Commissioner. According to one participant at the weekend meeting, Mr Lawson described as a waste of time tax harmonisation proposals that came ill from a man, Lord Cockfield, who had been instrumental in introducing zero-rates to the UK in the early 1970s. Lord Cockfield countered that Mr Lawson had so consistently misrepresented the commission's case that he seemed dishonest, rather than just mistaken.

Lord Cockfield's chances of being re-appointed as a commissioner by the UK Government hardly seem to be increasing as the VAT debate drags on. For all the divisions in Whitehall over such European issues as sterling's participation in the European Monetary System, the Government seems at one in resisting Brussels

on indirect tax plans.

Lord Cockfield said "the great majority" of EC states were now ready to go ahead with tax harmonisation, "provided an acceptable plan could be devised." However, even neutral observers concede his plan has run into serious trouble. Mr Onno Ruding, Dutch Finance Minister, said that not only the UK, but also "Ireland, Denmark and Luxembourg, have raised objections that go beyond detail." Tax proposals require the assent of all 12 EC states.

A German suggestion that zero might be adopted as a third "band" of permitted VAT rates, seems to have found little favour with either of the main protagonists. Lord Cockfield reiterated the commission's view that the UK could keep zero rates as a "derogation", which the UK does not want, while Mr Lawson said that squeezing a zero rate into the commission's plan would still not convince the UK Government of the overall relevance of tax harmonisation to completion of the single market.

Belgium, Luxembourg set to scrap exchange system

BY DAVID BUCHAN

BELGIUM AND Luxembourg are ready to abolish their long-standing dual exchange system as part of EC plans, expected to be approved next month, to remove all capital controls in the Community by the end of 1992.

Finance ministers and central bank governors of the two countries, which form a monetary union, told their EC counterparts in Travemünde, West Germany, that they did not regard the two-tier system as a restraint on capital flows. Indeed, it had enabled Belgium and Luxembourg to liberalise further than most EC states, they claimed.

Even so, at the insistence of the other 10 EC states, they agreed the system was "one anomaly, among others, in the functioning of the European Monetary System."

Therefore they would phase it out before December 31 1992 and, in the meantime, ensure that there were no "notable or lengthy" spreads between the two exchange markets.

Belgium and Luxembourg channel all trade-related payments through the "official" market, which sets the rate for the

Belgo-Luxembourg franc in the EMS.

Capital transactions are made through the free "parallel" market, thus enabling Brussels to defend the "official" franc rate with relative cheapness and without pushing domestic interest rates too high.

At present, banks in the two countries have to employ many extra staff to administer the two-tier system.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt, Germany, and at members of the Board of Directors: F. Barlow, R.A.F. McKinnon, G.T.S. Damer, M.C. Gorman, D.E.P. Gibbon, London, Editor: Frankfurter Allgemeine Zeitung, Frankfurt, Germany, Editor: G.D. Owen, Financial Times, Bank House, Cannon Street, London EC4A 3DF, & The Financial Times Ltd, 1988.
FINANCIAL TIMES, USPS No 596-020, published daily except Sundays and holidays. US subscription rates \$345.00 per annum. Second-class postage paid at New York, NY and at additional mailing offices. POSTMASTER: send address change to FINANCIAL TIMES, 14 East 69th Street, New York, NY 10022.

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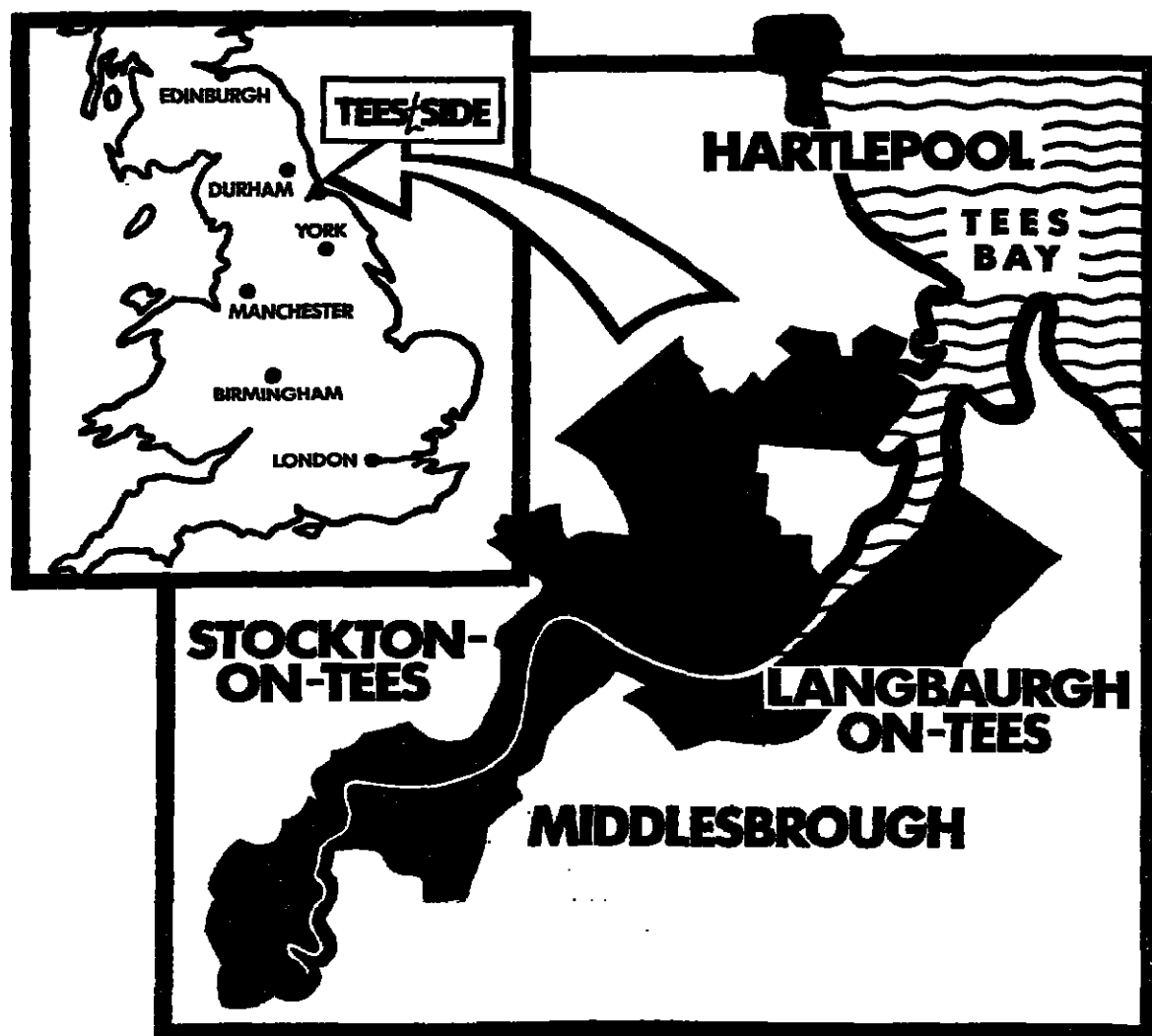
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هنا مكان العمل

OVERSEAS NEWS

ANC and Swapo step up role in Angola civil war

BY VICTOR MALLETT IN LUANDA

GUERRILLAS OF THE African National Congress have provided new evidence of the increasing involvement in the Angolan civil war of the ANC and their Namibian colleagues in the South-West African Peoples' Organisation.

Both groups receive military training in Angola and are allies of the pro-Soviet Angolan government in its fight against UNITA rebels supported by South Africa and the US.

ANC involvement in the Angolan war adds a new twist to the continuing peace talks by South Africa, Angola, Cuba and the US. One of South Africa's main objections to the Luanda government is its willingness to accommodate ANC and Swapo guerrillas.

Wounded ANC members, recovering in a clinic at an ANC centre near Luanda, described how their vehicles were ambushed by UNITA a few days ago. Seven ANC members were killed and seven injured in the ensuring gun-battle near the ANC military training camp at Quihoxo, about 170km north-east of Luanda.

It was not the first such clash between the ANC and UNITA. Some ANC members have been captured by UNITA.

One of the wounded men said ANC guerrillas were deployed against UNITA forces in northern Angola.

Mrs Florence Maleka, adminis-

trator of the refugee centre, which houses health education facilities and a mechanical workshop, said: "We are freedom fighters more than refugees."

In March nine ANC people were killed in a bazooka and small arms ambush on an ANC convoy in Uige province, according to a survivor. In April the ANC complained to the UN High Commissioner for Refugees that UNITA guerrillas had attacked an ANC farm in Malange province, destroying and stealing UN donations of equipment and food.

Swapo is similarly involved in the Angolan civil war. Diplomats in Luanda say it is fighting alongside Angolan and Cuban troops, in preference to infiltrating Namibia.

There are 10,000 South African and 69,000 Namibian refugees officially in Angola, assisted by the UN and countries such as Sweden. The donors, although apparently unconcerned at the military role of the two guerrilla organisations, are becoming embarrassed by Swapo's refusal to allow them access to 100 Namibian prisoners held by Swapo without trial for more than two years. Their names have never been released. They are accused by Swapo of spying for South Africa and trying to poison Swapo leaders.

British MPs are among those who have demanded that the prisoners be released or tried.

Lambsdorff eyes Bonn jobs held by Bangemann

BY HAIG SIMONIAN IN BONN

COUNT OTTO Lambsdorff - economics spokesman of the West German Free Democratic Party, junior partner in the ruling Bonn coalition - has thrown his hat into the ring to succeed Mr Martin Bangemann, party chairman and federal Economics Minister, as leader if the latter moves to a job at the European Commission.

Count Lambsdorff, who stepped down from the Economics Ministry four years ago as a result of the ERM crisis, said yesterday he was available as a candidate, presumably for both Mr

Bangemann's job.

The latter has been thought for some time to be interested in moving to Brussels.

The likelihood of his moving to Brussels may have become less clear with the prospect of parliamentary elections in France next month.

Mr Wolfgang Schaenle, a Christian Democrat minister in the federal chancellery's office, said any successor to Mr Bangemann as economics minister would not have to be of the FDP.

Goria sets out stall for party leadership

MR GIOVANNI GORIA, Italy's most recent ex-prime minister, presents himself today as a candidate for the leadership of the Christian Democrat Party in an interview which is notably chilly towards Mr Ciriaco de Mita, the present premier and his party leader.

Since taking up the premiership last month, Mr de Mita's friends and rivals have allowed him a decent interval to settle in before insisting that Italy's largest party make arrangements to replace him as party secretary.

Party rules bar him from holding the job indefinitely when his time is dominated by affairs of state, but Mr de Mita has appeared in no hurry to step down from such a powerful position.

Mr Goria, who refused a job in the de Mita government, after his party leader replaced him as prime minister in April, calls in an interview published by Panorama magazine for a party congress to be arranged to settle the leadership question "as soon as possible".

While making the ritual denials about wanting the top job, Mr Goria puts some distance between himself and the man who has been his political sponsor. He criticises Mr de Mita for seeking opportunities to ally with the Communist party and appears unsympathetic to some elements of his Government's programme.

It is unlikely if any of this will alarm Mr de Mita, nor persuade all Christian Democrats that Mr Goria is acting independently. Mr de Mita will be anxious to be succeeded by someone he can rely on to keep his naturally unruly party in good order.

Martens wins vote

THE new centre-left Belgian government yesterday easily won its first vote of confidence, AP reports from Brussels.

After a 35-hour debate on the coalition's programme of continued austerity and increased decentralisation, the eighth government led by Mr Wilfried Martens won the confidence of House of Representatives members by 140 against 65 and one abstention.

Baker satisfied with Fed monetary policy

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR JAMES BAKER, US Treasury Secretary, yesterday expressed satisfaction with the current course of the Federal Reserve's monetary policy and rejected concerns that inflation might be getting out of control.

He also indicated that, when President Ronald Reagan vetoes the trade bill, which he is expected to do this week, he will make clear that he objects to various provisions in it, not just that for companies to give 60 days notice of plant closure.

Trade experts are awaiting the veto message to assess the pros-

pects for rapid passage of an alternative trade bill, with the provisions the President opposes removed. It is widely assumed that the longer the list of opposed elements, the harder it will be to create an alternative bill quickly.

Mr Jim Wright, Speaker of the House, said he would commit "every ounce of energy I possess to trying to produce the strongest bill we can get enacted".

Mr Baker's comments on the Fed's monetary policy come before the Central Bank's policy-making Open Market Committee meets on Tuesday, when the lat-

est US trade figures will come out.

The financial markets have decided in recent weeks that the Fed has been tightening monetary policy to raise short-term interest rates. This helped to trigger the increase in the commercial banks' prime lending rate from 8 1/2 per cent to 9 per cent last week.

Mr Baker's comments appear to be an endorsement of the Fed's moves to fight inflation cautiously. "The current course of monetary policy being followed by the Federal Reserve is quite satisfactory. I am confident that

the Federal Reserve is committed to the idea of preventing any future inflation and, at the same time, preserving economic growth."

Any increase in inflation "is going to be very modest," he said, adding that consumer price inflation in the first quarter rose at an annualised 4.2 per cent - "pretty much right on target" as the Administration forecast.

Mr Baker ducked the question of whether he would resign to run the presidential election campaign of his friend Vice-President George Bush this year.

Unions prepare to counter Pretoria's curbs

BY ANTHONY ROBINSON IN JOHANNESBURG

NEARLY 1,500 delegates from Cosatu, South Africa's most powerful black trade union federation, held a special congress at Johannesburg's Witwatersrand University over the weekend to work out a strategy to counter government repression and new restrictive labour legislation.

Delegates representing 691,000 paid-up members from 18 affiliated unions covering all the main industrial, mining and commercial sectors of the economy met against the background of recent government bans on the United Democratic Front and 16 other

opposition groups and impending legislation to cut off foreign funding to anti-apartheid groups and amend the Labour Relations Act.

Trade unions political rights have already been limited by restrictions imposed in February. These make it illegal for unions to support or organise boycotts, call for the unbanning of political organisations and their leaders or support disinvestment and other campaigns. Now they face further restrictions on their right to strike, including bans on sympathy strikes and more complicated procedures for legal strikes.

Paradoxically the effective ban on political opposition groups such as the UDF have heightened the political significance of the black union movement as the sole legitimate vehicle for organised black action, albeit legally only in the economic sphere.

Meanwhile, negotiations are expected to resume shortly between the National Union of Mineworkers, the most powerful Cosatu affiliate, and the mining industry over this year's annual wage claim. The union, which last year fought a three-week strike which cost the industry an

estimated R400m (£73m) in lost output and the unions 12,000 lost jobs, has put in an initial claim including 40 per cent higher wages across the board and higher minimum wages. Last year the union started talks with a 55 per cent claim, but against the background of 19 per cent inflation compared with 13.7 per cent this year.

Over the weekend 10 miners were killed at the Harmony gold mine owned by Rand Mines when they fell 1,500 metres down the lift shaft after the lift struck an obstacle and burst open.

Islamic opening distracts Sudanese

MR SADIQ AL-MAHDI, Sudan's Prime Minister, announced at the weekend the formation of a new, broad-based coalition government to deal with critical economic and security worries.

However, few observers in Khartoum expect a new Sudanese government of national unity, dominated by the parties of the Muslim north and led by Mr Mahdi's Umma faction, to resolve Sudan's most serious problem - the civil war in the south between government forces and the Sudan People's Liberation Army.

The presence in Mr Mahdi's new coalition of the fundamentalist National Islamic Front, led by Dr Hassan al-Tourabi, seems to mitigate against a negotiated end to the southern rebellion, which was intensified by the introduction in September 1983 of Islamic sharia law to Sudan.

One of Dr Tourabi's conditions for joining Mr al-Mahdi's coalition was a guarantee that "replacement" sharia laws would be enacted within 60 days, and that they would include penal provisions that caused a furor in Sudan when applied under Mr Jaafar Nimeiri, the previous Sudanese leader, who was overthrown in April 1985.

Both the prime minister and Dr Tourabi said in interviews that the penal elements of sharia would not be imposed "summarily", as they were under Mr Nimeiri when dozens of Sudanese, some of them Christians, suffered amputations for crimes such as theft.

Mr Mahdi insisted that a system would be devised under which non-Muslims among Sudan's population of 22m would be exempt, individually or collectively, from sharia penal provisions. The ferocious reaction of southern Sudanese intellectuals to the prospect of a new coalition that includes Dr Tourabi indicates little confidence in government undertakings.

Tony Walker on fundamentalists' government role taking attention from the economy

Mr Bona Malwal, editor of the daily Sudan Times and an influential critic of the administration, accused Mr Mahdi of having "decided to come out of the closet wearing his true Islamic fundamentalist colours."

"The much-hated, quasi-Islamic legacy of September 1983 is about to be dusted down, touched up and implemented at break-neck speed. With it will come further divisions on a religious basis throughout the country," he wrote.

Western officials and many Sudanese are mystified over Mr Mahdi's decision to work with the Muslim Brothers, who used

to be the main opposition group. They regard this as a potentially disastrous course in a country struggling to contain a strong secessionist movement in the predominantly Christian and animist south.

Mr Mahdi justifies the formation of a broad coalition, in which most elements of Sudanese politics are represented, as the best way to deal with the huge problems of his country.

Little progress has been made, since Mr Mahdi came to power in democratic elections in 1984, towards ending the southern rebellion which has displaced about 3m people, many of whom have fled to Khartoum.

Morale is said by military attaches in Khartoum to be low among Sudan's beleaguered southern guerrillas, under SPLA siege in the main towns such as Juba, Wau and Torit.

Sudan's economy, where GDP grew by about 5 per cent in 1986-87 due to improved agricul-

Seoul to reveal result of talks with North

By Maggie Ford in Seoul

SOUTH KOREA is to announce the results this week of talks with Pyongyang over the communist North's participation in the Olympic Games, according to Mr Lee Hong Koo, Minister of National Unification. Rumours of high-level secret contacts between Seoul and Pyongyang circulated this month, prompting a one day rise of 14 points in the stock market last week. President Roh Tae Woo has stressed his intention of conducting *nordpolitik* since his election last December.

Mr Lee said last week that the Government might propose temporary entry to the United Nations to try to spur dialogue.

North Korea has always opposed joint entry to the UN on the grounds that it would perpetuate the country's divisions.

Mr Lee also announced at the weekend that freer discussion will be allowed on unification policy and that opposition politicians will be consulted on Government plans. In the past, consideration of North Korea, except in terms of anti-communism, could provoke a prison sentence.

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OVERSEAS NEWS

Industrial clean-up 'is key to cutting unemployment'

BY ROBERT TAYLOR IN STOCKHOLM

EUROPE CAN find jobs for many of its 20m unemployed over the next seven years through a radical programme of spending on projects to clean up industrial pollution in both the East and West blocs, improving transport and telecommunications links and expanding training, education and research into the new technologies.

This is the message in an important report to be published later this year by a commission chaired by Dr Bruno Kreisky, the former Austrian chancellor, established two years ago to examine Europe's unemployment crisis.

A copy of the report has been obtained by the Financial Times. "It is possible to cut unemployment," claims the report. "But it requires a strong political will to do it."

The commission contains distinguished public figures in Europe including Mr Michel Rocard, the new French Prime Minister, Dr Norbert Blum, the West German Minister of Labour, Mr James Callaghan, the former British Prime Minister, and Dr Ralf Dahrendorf, Warden of St Antony's College, Oxford. Senior industrialists and trade union leaders have been involved, along with officials from the Organisation of Economic Co-operation and Development and the International Labour Organisation.

The commission was funded by the European Community, the European Free Trade Association and the governments of Sweden,



Bruno Kreisky: calling for closer co-ordination of policies

Norway and Finland.

The report calls for a "closer international co-ordination of economic policies and a joint commitment to the European countries to more expansionary monetary and fiscal policies" arguing that no nation on its own could expand without running into current account and fiscal problems.

It insists: "We oppose the widespread view that European economies are running quite well and that high unemployment is simply a problem of rigid European

REPORT WARNS AGAINST LAYING BLAME ON MARKET FORCES

"FOR the first time since the 1930s several European governments have renounced their commitment to full employment and have even claimed that governments cannot determine the level of employment and unemployment."

It adds: "There may come a time when the security and stability afforded to two-thirds of society will no longer be acceptable. Not only those who are unemployed will be affected, but all those who must fear that they or their children will become unemployed. The two-thirds society would then be doomed. It is therefore essential to create an awareness of the problem. Unemployment must regain its

rank within political and economic debate. Governments should not blame obscure market influences."

In particular, Mr Kreisky praises the performance of the Nordic countries in keeping unemployment down. The report argues: "How do these countries differ from the rest of Europe? They certainly do not have more flexibility in their economic systems and labour markets. But what is really striking is that in all these countries unemployment is regarded as a political liability by all parties."

The report argues forcefully against the neo-liberal economic ideas that have become characterised as Thatcherism. It says: "We totally disagree with the recent philosophy of mainstream economics that in the medium term, unemploy-

ment cannot be influenced by expansionary economic policy and that such strategies would only lead to higher inflation and government indebtedness, not to lower unemployment. This new economic orthodoxy is based on assumptions that are far from reality and historical evidence. It merely serves as a hunchman of ideologies for which the knell has started to sound."

"Many governments have been content just to exploit the indifference of the majority of voters, rather than to take responsibility for the well-being of the whole of their populations. The present unemployment is neither inevitable nor acceptable. Those countries who have had the political will and social cohesion to fight unemployment have shown that there is a way out even within the present system."

Colleagues argue that policies based on solidarity and what they call "tempered capitalism" would ease the crisis. Mr Kreisky also argues there was a need for "a minimum standard of security and income" for all Europeans. The report calls for a "training or work guarantee" for the long-term unemployed, but most of the commission rejects the idea for a "basic minimum income" for everybody as an immediate solution.

G-7 shifts focus to micro-economic issues

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

FOLLOWERS of the twists and turns of international economic policy co-operation will find this week that the leading industrial nations are seeking to switch the focus of their deliberations to a new set of issues.

With major macro-economic policy initiatives ruled out until after November's US presidential election and co-ordination of monetary policies under strain, governments need to buy time on financial markets. They hope to do so by emphasising their co-operative commitment across a whole range of micro-economic issues.

The focus is to be on trade policies, on agricultural subsidies, and the plethora of measures ranging from labour market deregulation to taxation and privatisation which fall under the umbrella of "structural policies". The new task will emerge at

the annual ministerial meeting of the Paris-based Organisation for Economic Co-operation and Development on Wednesday and Thursday. For the Group of Seven nations the OECD talks will provide a dress rehearsal for next month's world economic summit in Toronto.

Alongside it, the seven are developing a more conciliatory approach towards the newly-industrialised countries in Asia whose mounting trade surpluses are threatening progress towards reducing the massive US deficit.

The central problem faced by the Group is how to persuade financial markets that policy co-ordination is up and running while offering nothing new in the way of initiatives. That dilemma has been compounded by the recent re-assessment of the world economic outlook in the wake of last October's stock markets' crash.

The present consensus is that equity price slump has had remarkably little impact on economic activity. Output in the industrialised nations of now expected to rise by 3 per cent or slightly more in 1988.

That more optimistic view of growth prospects, however, implies a slower erosion of the key imbalances in the world economy — the US trade deficit and the Japanese and West German surpluses.

The International Monetary Fund, for example, expects the US deficit to remain around

\$130bn in 1988, with the Japanese and West German surpluses projected at \$75bn and \$40bn respectively.

Senior G-7 officials acknowledge that further reducing those imbalances will eventually require some combination of a sharp reduction in the US budget deficit and a renewed fall in the

Offering micro solutions to macro problems is fraught with risk

dollar's value. Their concern, however, is the latter does not precede the former.

The agenda for Toronto then is being shaped with a view to underpinning the still-fragile credibility of international policy co-ordination.

At the top of the list of priorities is to the need to give fresh political impetus to the present Uruguay round of trade talks being held under the auspices of the General Agreement on Tariffs and Trade.

The talks has so far been bogged down in issues of definition and procedures and in the staking out of national positions. As host to the June summit, Canada is pressing for a commitment to establish a new "surveillance" mechanism at the Gatt to

provide constant monitoring of national trade policies.

In parallel, a number of governments support the idea that the OECD should be given a more formal role in surveillance of structural policies. "Peer pressure" to secure closer policy co-ordination in fiscal and monetary policies should be extended to include the removal of industrial subsidies and rigidities in labour markets and to such areas as deregulation, tax policies and privatisation.

The main goal is to enhance the capacity of European and Japanese economies to sustain faster economic growth rates and so contribute more to the erosion of the US trade deficit.

But the most controversial of the "micro issues" is that of agricultural subsidies. At this time last year, western governments were congratulating themselves on the construction of a new yardstick to measure the impact of farm subsidies in different countries and were pledging vigorous action to reduce them.

Ironically, these Producer Subsidy Equivalents, developed by the OECD and dubbed an index of relative aid, show that since last year's ringing declarations the level of subsidies in almost every industrial country has risen not fallen.

Without some firmer commitment to action at the summit, hopes of progress on the issue in the Uruguay mid-term review will evaporate, in turn threaten-

ing the so-far meagre progress on other trade issues.

The switch in approach towards the Asian NICs meanwhile is equally tricky. The aim is to replace the hectoring typical of the past year or so with an effort to establish a constructive dialogue. It is based on a realisation that the four most frequently cited countries — Taiwan, South Korea, Hong Kong and Singapore — cannot be treated as one coherent bloc. Hong Kong's trade surplus, for example, is only a fraction of the size of Taiwan's, while its economy is far more open than that of its Asian neighbours. South Korea is the Gatt Taiwan is not.

Canada is hoping that the summit will endorse a plan to open more formalised discussions with each of the countries.

The overall strategy in both the case of micro-economic policies and relations with the NICs is to convince the markets that the co-operation and co-ordination in the G-7 is moving forward.

Privately, however, officials admit that offering micro solutions to macro problems is fraught with risks. A bad set of US trade figures or a further upward shift in world interest rates is leaving to leave financial markets unconvinced of the significance of efforts to extend West Germany's shopping hours. Ironically, the publication in the middle of the OECD meeting of US trade figures for March may provide the first test.

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THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY
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Avenue de la Woluwe 62
1200 Brussels
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6000 Frankfurt am Main
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Dated: May 16, 1988

By Texaco International Trader Inc.

Taiwan has doubts over hijackers

Bob King in Taipei

THE TAIWAN Garrison Command has referred to the prosecutor's office two men who on Thursday hijacked a domestic Chinese flight to Taiwan, ending speculation over whether the two are to be treated as heroes or criminals.

The courts may deal leniently with the two, even if they are convicted, because the Government feels that the hijackers acted out of a desire to "seek freedom".

The two forced a Chinese Boeing 737 en route from the south eastern city of Xiamen to Canton with 118 passengers and crew aboard to fly to Taiwan. After the aircraft landed at a military airfield in central Taiwan, the two disembarked and were granted asylum. Taiwan authorities allowed the aircraft to leave for China about five hours later.

But the presence of the two hijackers left the Government in a quandary: on the one hand, its laws provide penalties as severe as death for air piracy, while on the other its anti-Communist policies mean that defectors are usually welcomed with open arms — and often with sizeable monetary rewards.

Yesterday, local newspapers reported the chief prosecutor as saying the freedom-seeker status of the two would win them leniency.

Fresh Danish talks

Denmark's political parties held talks yesterday to form a broad-based coalition government after its election stalemate. AP reports from Copenhagen, Mr Svend Auken, leader of the Social Democrats, the biggest party with 55 seats, said he was optimistic about building the foundation for a government based on majority support in the Folketing, Denmark's parliament.



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Dated: May 16, 1988

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Today, the cars are even more complex, and those design and quality control margins are still there – and just as wide as ever.

THEY CHECK THEM MORE THOROUGHLY

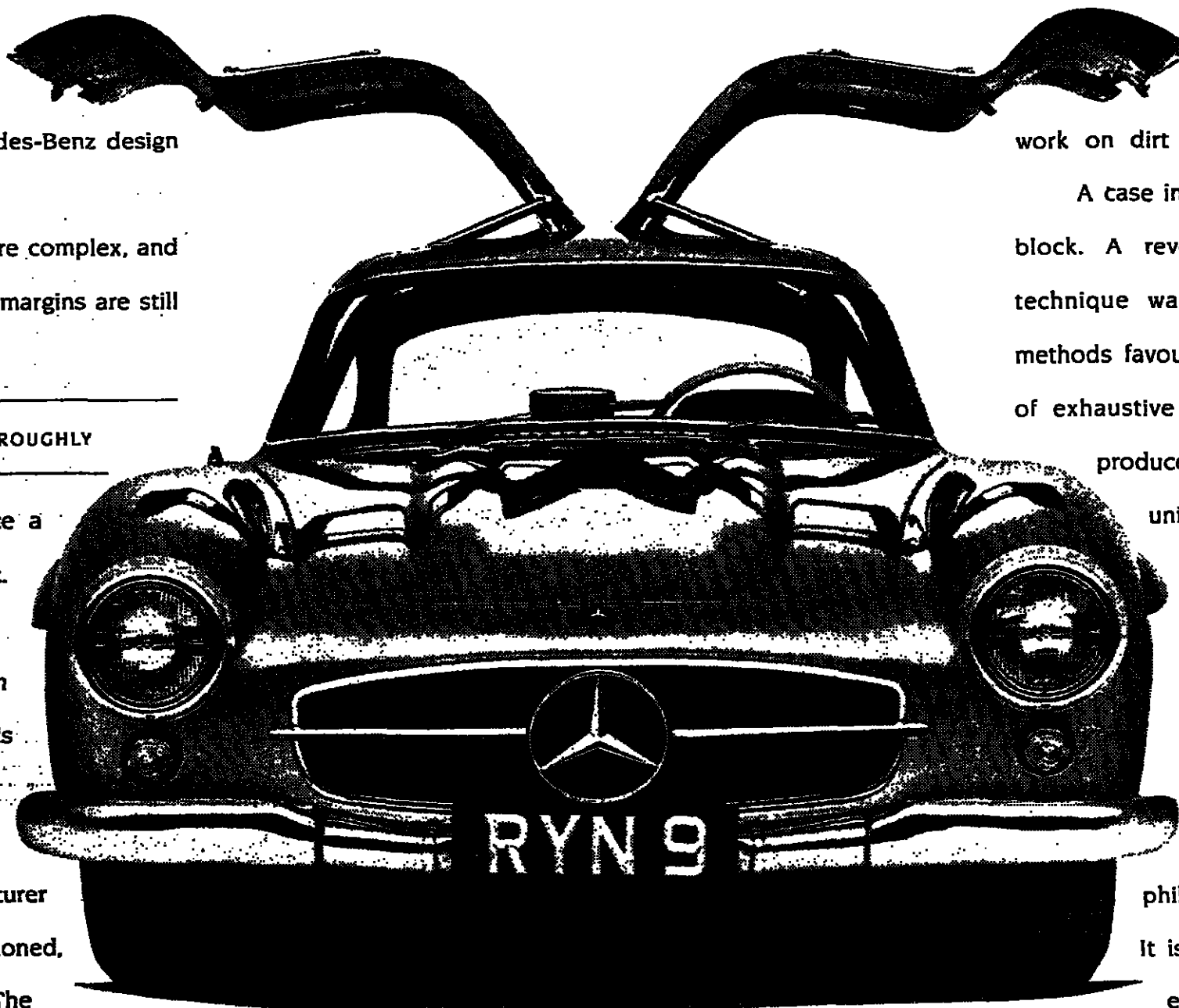
It takes 7 years to produce a quality controller at Mercedes-Benz. Seven years, minimum, of assembly line experience before promotion to the Quality Assurance elite is considered. And there are 5310 inspectors, more for each vehicle produced than any other manufacturer permits. Their authority is unquestioned, their demands uncompromising. The production line moves no more quickly than the quality control inspectors allow. No matter how minor the fault, the entire production line will be halted if it is not rectified. It is the toughest production regime there is.

THEY RELY ON CRAFTSMEN

You could be excused for thinking, these days, that robotics has taken over the industry. Not so at Mercedes-Benz where the skills and seasoned discrimination of 50,000 craftsmen complement mechanical precision. Robots work more quickly and to a higher degree of accuracy than is humanly possible. But that is only half the story. There is no substitute for the eye of the craftsman. Choosing the right grain of wood; selecting and matching the fine leather hides; ensuring every important body weld is smooth enough for the paint shop: none of these tasks can be entrusted to a mere robot.



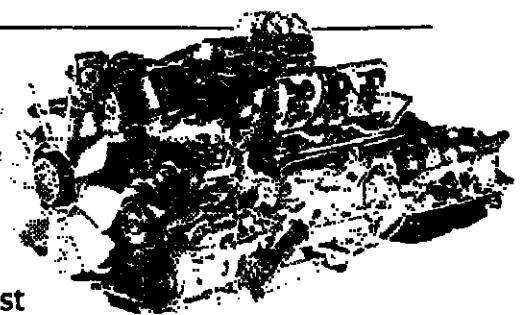
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Today's exemplary Mercedes-Benz engines incorporate some of the most advanced powerplant



THE WORLD'S MOST ADVANCED LIGHT ALLOY V-8.

technology in production. In four, five, six or eight cylinder configurations there are none more mechanically refined or trustworthy. Durability testing, to destruction, over years of development, has forged petrol and diesel plants of unmatched reliability and smoothness. Every Mercedes-Benz engine brings to its customer a heritage of literally millions of miles of punishing work on dirt roads, motorways and test beds.

A case in point is the light-alloy V-8 engine block. A revolutionary low pressure casting technique was chosen over more traditional methods favoured by other manufacturers. Years of exhaustive research and development have produced a non-ferrous alloy block of uniform density, with silicone crystal cylinder linings, that matches the strength and longevity of cast iron – but is up to 40lbs lighter.

THEY LEAVE NO STONE UNTURNED

The Mercedes-Benz production philosophy tolerates no compromise. It is an approach to car building that embraces every single discipline.

Thoroughness and quality control vigilance, above all else, ensure that every car is fit and ready to satisfy the most discriminating customer.

A small example: even when a computer has decided that exactly the right amount of wax solution has been injected into body section cavities to ensure anti-corrosion protection, an inspector double-checks the wax application by inserting a specially designed endoscope into the most seemingly inaccessible crevices. And only Mercedes-Benz, surely, uses ground walnut husk powder and oil as a mild abrasive with which to clean and polish the interior of newly machined gearbox casings.



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Undeniably, today's Mercedes-Benz is indeed a more complex car, an even more thoroughly engineered and innovatively designed car, than its predecessors, but it is also reassuringly safer, more practical, less demanding to own and easier to drive, than ever before.

OVERSEAS NEWS

US semiconductor consortium gains funding

By Louise Kehoe in San Francisco

SEMATECH, the semiconductor industry manufacturing research consortium aimed at restoring the international competitiveness of US chipmakers, has reached agreement with the US Department of Defence over funding and management.

With the signing of a memorandum of understanding last week, the Defence Advanced Research Projects Agency (Darpa), the arm of the Defence Department charged with overseeing Sematech, has agreed to release the first portion of \$100m in Federal funds approved for the project for fiscal 1988.

The five-year project, which will involve the development of

advanced semiconductor production technology, is to be funded in equal portions by government and industry members. Sematech is a five-year budget plan of \$1bn.

Approval of funding had been delayed by several weeks raising industry concerns that Darpa might try to redirect the research project toward military rather than commercial goals. Sematech now appears, however, to have resolved any differences that may have existed.

"We each have a better understanding of the issues of importance to both Darpa and Sematech," said Mr Sanford Kane, chairman of Sematech's executive committee. "Discussions with Darpa have been useful to both parties. While our basic objectives and plans have not changed, as typically happens, the net result of our meetings is an improved operating plan."

The first tranche of DoD funds, \$25m, will enable Sematech to begin purchasing equipment to be used in its state of the art semiconductor production plant currently under construction at its Austin, Texas, headquarters. The consortium aims to complete the facility by November.

IBM and AT&T have already each donated advanced memory chip designs to Sematech to be used as "development vehicles" to prove the manufacturing processes developed by Sematech.

In addition to IBM and AT&T, Sematech's 14 member companies include leading US merchant chipmakers: National Semiconductor, Intel, Motorola, Advanced Micro Devices, Texas Instruments, LSI Logic, Rockwell, Harris and Micron Technology as well as leading computer companies: Hewlett-Packard, NCR and Digital Equipment.

Member companies have agreed to "loan" 250 engineers to the project, and Sematech has also begun a recruiting drive to hire an additional 250 engineers and technicians. The project will also employ about 400 people in

administrative and other jobs.

One position that remains unfilled at Sematech, however, is that of chief executive. After a lengthy industry-wide search, Sematech officials indicated yesterday, however, that they have identified several candidates and hope to be able to make an appointment soon.

While Sematech clearly has many challenges ahead, not the least of which will be to persuade Congress to renew its funding each year, the precedent-setting industry consortium appears at least to have reached the starting line for its race against Japanese and other foreign competitors.

Aid donors urged to co-ordinate policies

By John Wyles in Rome

A STRONG plea for closer co-ordination of aid policies between donor countries has been made by a senior group of British and Italian parliamentarians, diplomats and businessmen.

Mr Boris Blanchard, the Italian ambassador to Britain, coined the term "pluri-bilateralism" to sum up the need for closer co-ordination of bilateral aid programmes involving also the multilateral aid agencies.

Meeting at Angers in northern Italy, several systems at the two-day meeting of the Anglo-Italian Round Table complained either of duplication of efforts by donor countries or of aid programmes working at cross purposes because of differing views of the recipient countries' needs.

The extent to which there should be a balance of interests between donor and recipient sparked lively discussion after Mr Gavin Laird, general secretary of the Amalgamated Engineering Union, made an unashamed plea for national self-interest. If the purchase of manufactured goods formed any part of an aid programme, then they should be from the donor country, he said.

Italy's national aid programme has grown very swiftly over the past three years to reach around £2bn, compared to the UK's £1.5bn. The number of Italian speakers explained both the geographical priority, with more than 50 per cent going to sub-Saharan Africa, and also attempts being made to educate local managerial elites and to harness local capacities in applying aid projects.

Mr Giuseppe Montrone, a consultant engineer with considerable aid experience, said that helping to develop food self-sufficiency should be the top aid priority and, within that, fostering water projects. He argued that participation of the local people was vital in both choosing and creating the project as well as in identifying those who would be responsible for its subsequent maintenance.

The impact of subsidised agricultural exports by both the European Community and the US, together with Japanese agricultural protectionism was widely condemned as damaging for Third World food producers.

Swire Pacific Limited

Final dividends for the year ended 31st December 1987 Scrip Dividends

The average closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited for the five trading days up to and including 13th May 1988 were:

'A' shares	HKS 16.96
'B' shares	2.93

In a letter to shareholders from the Chairman dated 4th May 1988, it was announced that the recommended final dividends for 1987 of 43.0¢ per 'A' share and 8.6¢ per 'B' share will take the form of scrip dividends to be satisfied by the issue of additional 'A' shares and additional 'B' shares respectively, but that shareholders will be able to elect to receive dividends in cash in respect of all or part of their shareholdings. It was further announced that entitlements to fractional shares will be disregarded and the benefit thereof will accrue to the Company.

Applying the average closing prices noted above, the number of new shares which shareholders will receive in respect of their existing shares on the record date of 29th April 1988, for which elections to receive cash are not deposited by 23rd May 1988 either with the Registrars in Hong Kong or with the Registrars' Agents in the United Kingdom, will be calculated as follows:

For 'A' shares:				
Number of new 'A' shares to be received	=	Number of existing 'A' shares	x	0.430
				16.96
For 'B' shares:				
Number of new 'B' shares to be received	=	Number of existing 'B' shares	x	0.086
				2.93

and will be rounded down to the nearest whole number of new shares, fractional entitlements being disregarded. The new shares will rank pari passu with the existing shares of the Company except that they will not rank for the final dividends in respect of the year ended 31st December 1987.

Subject to the approval of the recommended final dividends by the shareholders at the annual general meeting of the Company to be held on 26th May 1988, certificates for the new 'A' shares and 'B' shares in respect of the scrip dividends and warrants for dividends, where cash elections have been made, will be despatched to shareholders on 1st June 1988.

By order of the Board
JOHN SWIRE & SONS (H.K.) LIMITED
Secretaries

Hong Kong
16th May, 1988

Swire Pacific Limited
The Swire Group
Swire House, Hong Kong

Finance row over Bosphorus deal

BY JIM BOOGNER IN ANKARA

AWARD OF contracts for construction work on the third Bosphorus bridge and an associated highway hangs on the outcome of a tussle between Turkey's thrifty treasury and Mr Bedrettin Dalan, Istanbul's expansionist mayor.

The wrangle reflects a wider conflict in which the central bureaucracy is trying to curb political imperatives for growth.

Tenders on a "build-operate-transfer" basis for the third bridge were opened in a blaze of publicity in early April - a very low bid of \$171.5m from the local Sezal Turkes-Feyzi Akkaya undercut by around 20 per cent the next lowest bid from a group led by the UK's Trafalgar House.

However, a consortium co-sponsored by the UK's George Wimpey and Tarmac only needs treasury sanction for its financing package to sign a contract with the municipality for a nine-



Canevi: intensive borrowing

kilometre highway costing around \$250m through the heart of the city from Besiktas to Samatya on the European side of the waterway.

The third bridge and the highway will form a badly needed inner local traffic ring road to ease Istanbul's chronic traffic congestion.

The treasury under Mr Yavuz Canevi, has set its face against further large project borrowing for the next couple of years. "In the past four years there has been intensive project borrowing," said Mr Canevi yesterday. "This will carry over into the next five years, so we don't have to borrow so much."

However, diplomats in Ankara say that Mr Dalan was still pressing hard for the highway and bridge. His control of Istanbul, a stronghold for the ruling Motherland Party, carries considerable weight in the Government. Much will depend on the attitude of Mr Yusuf Bekir Ozal, the State Minister for the Economy, and ultimately a final decision from his brother, Mr Turgut Ozal, the Prime Minister.

Privy Council hearing Bahamian gifts case

BY ATHENA DAMIANOS IN NASSAU

THE PRIVY Council will begin hearings in London today of a complex case that could disrupt the political life of the Bahamas and the position of its long-serving prime minister, Sir Lynden Pindling.

It is to decide whether or not to uphold a 1986 decision by the Bahamian court of appeal that the Public Disclosure Commission re-hear a complaint against Sir Lynden for failing to disclose cash gifts.

The case reaches London while there is renewed attention in the US for the Bahamian role in the international drug business. This led last week to full-page advertisements by the Bahamian government in the US and Caribbean press to extol the anti-drug achievements of the Pindling administration.

The council's involvement arises from a suit by former

opposition leader Mr Kendall Isaacs, who alleged that Sir Lynden had not disclosed his full income, in accordance with the law. The commission found this complaint unsubstantiated.

Mr Isaacs then asked the Supreme Court to quash the decision and have the complaint returned to the disclosure commission for proper determination. His lawyer argued that the commission's failure to grant Mr Isaacs a hearing violated natural justice.

However, Bahamian Chief Justice Telford Georges ruled in the commission's favour. An appeal court ruling in favour of the opposition leader led to the suit reaching the Privy Council.

A statement by a 1984 inquiry said Sir Lynden did not disclose payments of \$670,976 that a friend passed to him.

SHIPPING REPORT

Japanese dominate Gulf trade

JAPANESE charterers provided much of the reduced level of business in the Gulf last week, and brokers said they were expected to maintain a relatively high presence for the next few months. Kevin Brown, Transport Correspondent, reports.

Rates to Japan increased to Worldscale 37 for a cargo of 230,000 tons, and Worldscale 40 for 215,000 tons as charterers sought to avoid the worst effects

of an impact levy due to take effect in August.

Kuwaiti charterers covered a 240,000 tons cargo at Worldscale 39 for loading in the northern Gulf, and Korean charterers were said to have paid Worldscale 47% for a shipment of 200,000 tons.

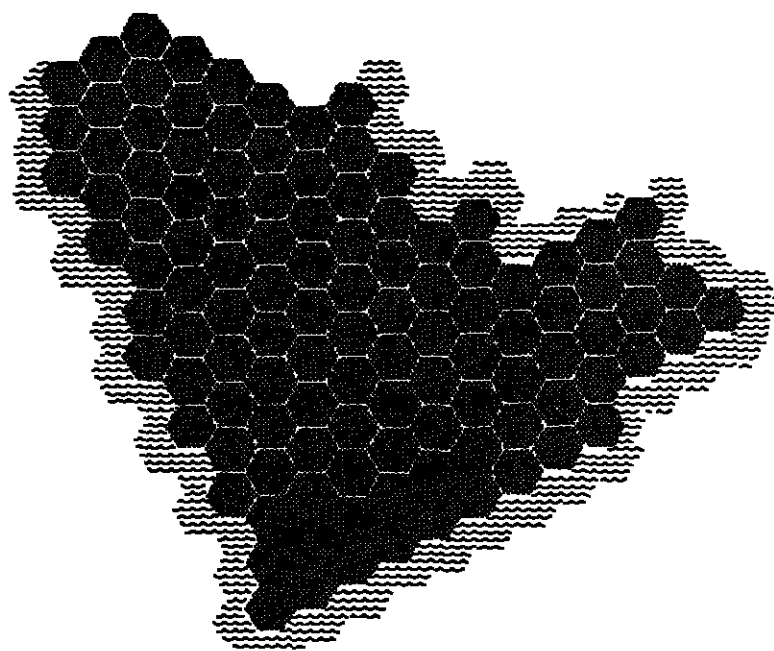
There was little demand for the smaller vessels, and a 70,000 tons cargo of fuel oil was carried to the East at Worldscale 82%.

Galbraith's, the London brokers, said owners' optimism

about future prospects was reflected in the increasing number of tankers changing hands, and increased interest in vessels of the 1m barrel size.

In the dry cargo market, there was some volatility in rates, but brokers said owners of Panamax (the largest vessels able to pass the Panama Canal) tonnage appeared to have regained the initiative by the end of the week in both the Atlantic and Pacific trades.

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THE WAR IN MOZAMBIQUE

At the crossroads of ideology

By Victor Mallett

IT IS NOT everywhere that a British Brigadier is saluted by his Soviet helicopter pilot as he steps out to inspect the troops, a company of soldiers he has trained to fight a civil war for a Marxist-Leninist government.

Yet this is nothing out of the ordinary in Mozambique, a country which is more than simply an African disaster to rival the Ethiopian famine.

This former Portuguese colony has become an ideological crossroads where West and East — and sometimes the neighbours from South Africa — meet in the strangest circumstances as partners in emergency food aid or military assistance.

Western countries are pouring more than \$1bn a year into Mozambique, and for some of them the country has become the focus of their black African policy. Yet this is a place which still boasts officially sanctioned slogans such as "Abolish capitalism" (Down with capitalism) on the walls of its cities.

This year Mozambique will probably receive \$100m worth of help from the United States alone, making it the single largest recipient of US aid in sub-Saharan Africa, with the possible exception of Ethiopia. Sweden is giving more to Mozambique than to any other country in the world. Britain's contribution, including military training and supplies of non-lethal equipment, is one of its largest African aid programmes.

International attention is partly a reflection of the enormous scale of the Mozambican emergency. Of the population of 15m, about 6m will require supplies of food aid in 1988. The government is asking for 914,000 tonnes of cereals and other foods. If account is taken of relative population sizes, the demand is proportionately much greater than Ethiopia's.

Mozambique's needs are actually well over 1m tonnes, but it would be impossible to distribute all the supplies inland, where convoys are attacked, roads are mined and bridges blown up or washed away by floods.

Peasant farming areas have been laid waste, depopulated and made inaccessible by the rebels of the Mozambique National Resistance (MNR). Nearly 1m ref-

ugees, the world's largest refugee contingent after the Afghans, have fled to neighbouring countries.

There is more to Western involvement in Mozambique than feeding the hungry. Under the vigorous leadership of President Joaquim Chissano, Mozambique has embarked on a series of radical economic reforms sponsored by the International Monetary Fund.

The economic changes, accompanied by greater freedom of religion and other social reforms, are seen as part of a broader move away from the failed and rigid political ideology of the past, a kind of African glasnost which needs to be encouraged.

With consumer subsidies reduced and private enterprise actively promoted, the old communist wall slogans are looking faded and irrelevant. After economic shrinkage of eight per cent a year in the first half of the decade, the Mozambican economy grew by a real four per cent last year, and could grow another six per cent in 1988.

As well as being an advertisement for capitalism, Mozambique has taken on special significance as the transport linchpin of the six Frontline states.

Britain's Prime Minister, Mrs Margaret Thatcher, and the West German Chancellor, Mr Helmut Kohl (who visited Mozambique recently) are among those opposed to economic sanctions against Pretoria. Instead they and their western colleagues are helping the black-ruled countries of the region reduce their dependence on South Africa by funding the repair of Mozambique's ports and railways.

Mozambique itself, Malawi and particularly Zimbabwe — despite its insistence that aid to the region is no substitute for sanctions — should be the main beneficiaries of the revival of the railway corridors to Maputo, Beira and Nacala.

Such is the nature of the civil war in Mozambique, however, that food aid and railway repairs are not enough. One of the more remarkable results of the Mozambican crisis is the way in which the West is increasingly being drawn into the military conflict.

In contrast to Ethiopia, there are no clearly defined areas con-

trolled by rebel or government forces and few signs of political legitimacy or popular support for the guerrillas. The MNR was founded by the Rhodesian security forces in the mid-1970s and later supported by South Africa purely to destabilise Mozambique. Its gunmen now roam at will throughout the country, attacking aid projects, farms and Mozambican villages alike.

Donors are starting openly to help the Mozambican army or to pay for security measures. To do so, they are often reversing previous aid policies which confined assistance to civilians, on the grounds that there is no point giving away trucks and food if they are going to be attacked, burnt and stolen.

"The logistical aspects of the Mozambique emergency programme are a nightmare," Ms Rosie Fiech of Oxfam told donors at a pledging conference in Maputo recently. "There is a desperate need for military escort vehicles to protect convoys of relief goods."

It is a sensitive issue, especially for countries like Sweden which pride themselves on neutrality.

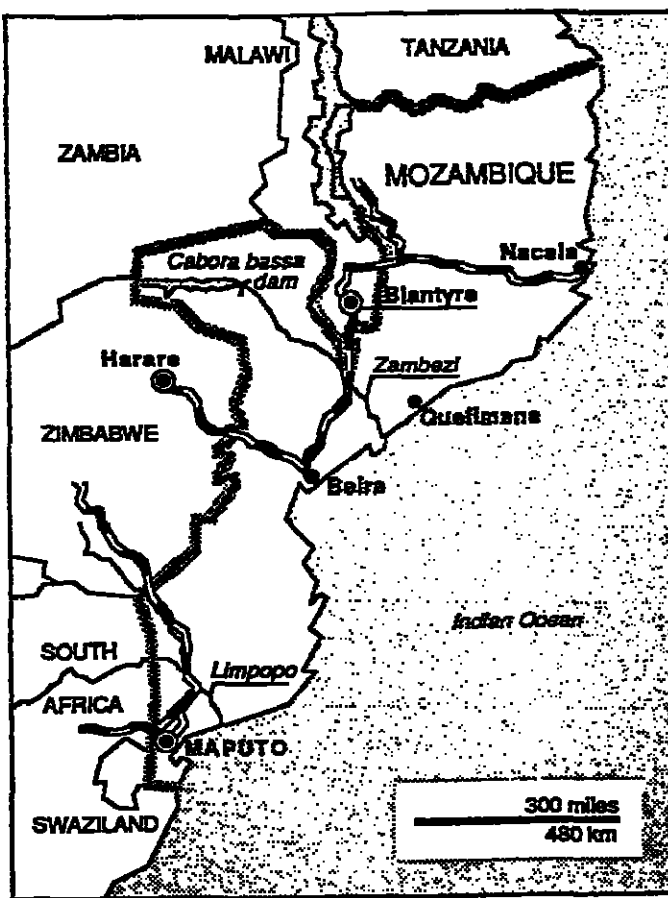
Britain has taken the lead by training Mozambican troops in eastern Zimbabwe since 1986 and providing more than \$2m in equipment such as uniforms, radios, and vehicles for the Mozambican, Zimbabwean, Tanzanian and Malawian troops who fight for the government.

On the Nacala railway line the private British company Defence Systems Ltd employs ex-SAS men to train an elite protection force, and the French are also considering installing a military adviser there to guard their contribution to the project.

Portugal is training military officers. Spain's Guardia Civil is setting up a rural counter-insurgency force to guard a Spanish agricultural project. Italian companies give food to the Mozambican soldiers guarding the dams they build.

Some donors such as Denmark and West Germany are opposed to all forms of security assistance, but most have accepted it as inevitable.

The Frelimo government is heavily dependent on the East bloc for its weapons and its fuel,



although aid officials still hope they can persuade the West to contribute armoured trucks and bulletproof vests for the drivers of relief convoys.

It is an open question whether the varied security assistance now directed towards the 30,000-strong Mozambican army and its allies will enable it to win the war against the 10,000 to 20,000 members of the MNR, also known as Renamo.

The Mozambican army is notorious for ill-discipline and incompetent logistics, an unflattering tribute to its hundreds of Soviet and East German advisers, although morale appears to have improved in recent months and more of the soldiers have boots and uniforms.

When the British went to inspect one of the companies they had trained, now part of a force of 2,500 guarding the British-funded Limpopo railway in Mozambique, they found that the men had been without food for three days. Much of the clothing and equipment provided by the British at the end of the training had been stolen.

Mozambique would doubtless welcome military support from the United States, but as a communist country it has instead become an American political battleground over the so-called "Reagan doctrine" of supporting

anti-communist guerrillas. President Reagan, rejecting the view of some of his supporters that anyone fighting communists deserves US help, proposed non-lethal aid to the government in 1983. But it was rejected by Congress and a special provision was enacted to prohibit such assistance.

Now the US State Department is on the offensive, using as ammunition a US report on refugees which provides damning evidence of MNR atrocities against civilians.

"What has emerged in Mozambique is one of the most brutal holocausts against ordinary human beings since World War Two," declared the US Deputy Assistant Secretary of State, Mr Ray Stacy, in Maputo recently. These were strong words for an American official speaking about an anti-communist organisation, and they delighted and surprised his Mozambican listeners.

"The supporters of Renamo, wherever they may be, cannot wash the blood from their hands unless all support for this unconscionable violence is stopped immediately," Mr Stacy said. State Department officials now believe it is only a matter of time before the United States — under

Soldiers of the bush

"IT'S SAD when they go out of that gate," said Sergeant Frank Higgins in a broad Glaswegian accent as B Company of the Mozambican army rolled out of Border Camp, Eastern Zimbabwe after 16 weeks of instruction from the British Military Advisory and Training Team.

B Company is the second batch of Mozambican soldiers to be trained in Border Camp under the terms of a two-year-old British military aid provision for South Africa's war-torn neighbour.

The scheme started in February 1986 as a training programme for Mozambican officers. Last year, policy changed in favour of training integrated companies — roughly 110 men — who will remain together as crack outfits in the Mozambican armed forces on their return home.

The training facility, which is estimated to cost Britain £230,000 a com-

pany, has secure funding until March 1988. Foreign Office representatives, who spent a Saturday recently watching B Company at target practice and field exercises, believe that the scheme will probably continue beyond that date.

The first Mozambican company to be trained by the British left Border Camp last year. In December they were deployed along the Limpopo railway line, a 540 km stretch of track linking the Mozambican capital to the eastern frontier of Zimbabwe.

The British government has allocated £14m towards the rehabilitation of the Limpopo railway. The upgrading is part of an overall move by nine states in the region to reduce their trade and transport dependence on South Africa.

In March, reports from the Limpopo line indicated that after more than three months at Ungubana, B

Company's predecessors were suffering from food shortages and deteriorating kit.

This month at Border Camp, British Foreign Office and military personnel were confident that these problems had been overcome. Morale among the soldiers guarding the line was high, said Lt Col Adrian Gilbert, the British defence adviser in Maputo.

In 16 weeks of training, a strong bond of reciprocal affection and respect has developed between the young Mozambican soldiers and their British instructors.

"In the field, that's where they shine," said Sgt Higgins as the last truckload of soldiers left the camp singing the praises of the late President Samora Machel. "They're soldiers of the bush and they always will be."

Jeremy Harding

pany, has secure funding until March 1988. Foreign Office representatives, who spent a Saturday recently watching B Company at target practice and field exercises, believe that the scheme will probably continue beyond that date.

The report for the State Department, based on interviews with refugees in five countries by Mr Robert Gersony, added to the MNR's already appalling reputation for massacres by concluding that the rebels may have killed 100,000 civilians in recent years.

Slavery, rape, murder and pillage are the hallmarks of the organisation, which apparently makes no attempt to explain its political motives.

Confronted by this horrific and carefully documented report, the enthusiasm of right-wing American churches and politicians for the MNR must surely become more circumspect.

There are even signs that the South Africans, widely regarded as the main backers of the MNR, are prepared to negotiate. While there is proof that South Africa flouted the 1994 Nkomati peace agreement by subsequently maintaining links with the MNR, the extent of Pretoria's current involvement is unclear.

One of the ironies of Mozambique is the close economic relationship it has with South Africa, and the absence among Mozambicans — many of whom have lived

there as migrant workers — of the paranoia about Pretoria evinced by other Frontline states, although Mozambique has more reason for such feelings than any. Food aid is often delivered in South African ships or aeroplanes. Trade is open and unembarrassed.

Now there is even talk of South African security forces being deployed inside Mozambique to guard the power lines (sabotaged by the South African-backed MNR) which run from the giant Cabora Bassa dam on the Zambezi to the South African grid.

The cheap and plentiful electricity supplies from the dam have been cut off since 1983, to the dismay of Portugal which guaranteed the construction loans. Portugal, losing money by the day, is now pressing South Africa for an agreement to get the power flowing again.

All this could point to a difficult time for the MNR, already reeling from a series of defections and mysterious deaths among its leaders, a round of bitter faction-fighting within the movement, and its sinking status as a group of "freedom fighters".

Mozambique, at war before and since independence in 1975, is desperate for peace. With much

heart-searching an amnesty law has been enacted by the government to allow MNR guerrillas to give themselves up, regardless of what atrocities they may have committed. About 1,000 people have already taken advantage of the offer.

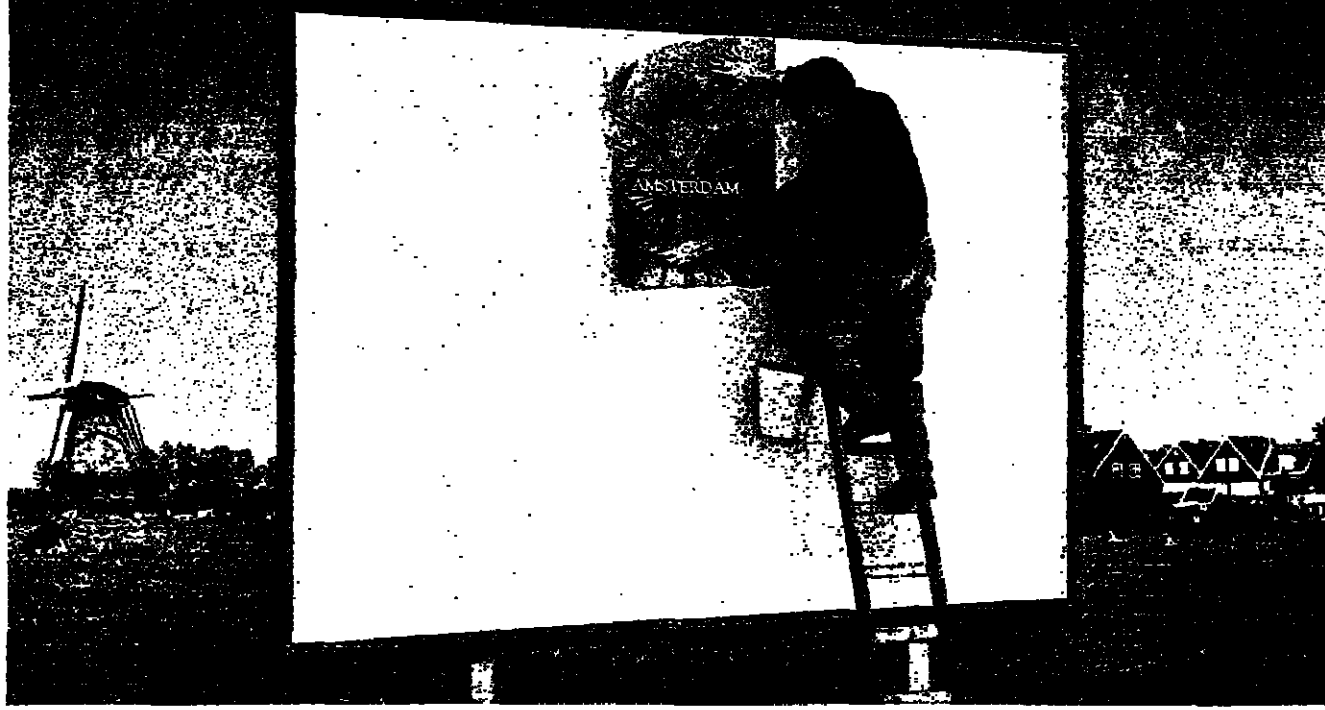
South Africa and Mozambique are considering a meeting between President F.W. de Klerk and President Chissano in an attempt to revive the Nkomati accord, and there are rumours of mediation by the churches between Frelimo and a faction of the MNR.

The economic and military omens for a recovery from the present disaster therefore seem to be momentarily favourable. Western countries are backing Mozambique with foreign aid. Potential investors, including the South African conglomerate Anglo American, are showing a keen interest in Mozambique's rich natural resources.

Success for Mozambique is nevertheless likely to remain out of reach unless the army improves its performance dramatically and the Frelimo government pursues its economic and political reforms with constancy and determination. If peace ever comes, Mozambique will need its own Marshall plan to return its wrecked towns and villages to some semblance of normal life.

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Ministers consider letting taxpayers opt out of NHS

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

MINISTERS are considering allowing individuals to opt out of the National Health Service as a means of introducing more money and greater choice into health care in Britain.

Opting out is emerging as a front-runner among an array of alternatives being examined by Mrs Margaret Thatcher, the Prime Minister, and a high-level team of colleagues who are reviewing the future of the health service. Detailed work on how it might be achieved will be carried out over the next few weeks.

The bulk of NHS funding has come from general taxation since the service's creation 40 years ago. Introducing scope for individuals who make private provision to opt out would mark the beginning of a radical change of emphasis, although even the most fervent critics of the present system accept that a move to a different form of financing health care would have to take place gradually.

The work of the review team, which also includes Mr John Moore, Social Services Secretary, Mr Nigel Lawson, Chancellor, and Sir Roy Griffiths, managing director of J Sainsbury, the supermarket chain, and a Government health service adviser, is dropped in secrecy and no final decisions have yet been taken.

Advocates of opting out are convinced, however, that the idea is now likely to be adopted as a central part of the solution to Britain's health care funding crisis.

Mr Moore's only public comments since the review began have been to stress that the Government intends to "retain and



John Moore: commitment to keep and develop NHS strengths

build on the strengths of the existing system" of health care in Britain, which includes providing an adequate service for all, regardless of their ability to pay. But even within these self-imposed limitations the Government has considerable scope for reshaping the service to provide greater efficiency and an increase in Britain's relatively low investment in private health care.

Suggestions as to how opting out might be accomplished are provided today in papers published by the Institute of Economic Affairs and the Centre for Policy Studies, both on the radical right.

Under proposals advanced by

Mr David Green, director of the IEA's health unit, individuals opting out of the NHS would receive vouchers to spend on private health insurance.

Dr Green, who favours moving from a tax-funded to an insurance-based system, proposes vouchers which would enable people to opt out of both NHS hospital services and primary care provided by GPs.

The Centre for Policy Studies backs converting a substantial proportion of income tax into a national health tax related to income. Individuals or companies would be offered rebates if they were prepared to contract risk out to private insurance schemes.

Aerosol risk to ozone reduced by makers

By Peter Marsh

ONLY about 10 per cent of aerosols sold in Britain by the end of next year will contain chemicals suspected of damaging the ozone layer, the British Aerosol Manufacturers' Association has said.

The association said this would follow its decision that all aerosols made by its 80-member companies which do not contain the chemicals will be labelled.

The chemicals in question are chlorofluorocarbons (CFCs), which are widely used as propellant agents. They are believed to decompose slowly in the upper atmosphere, destroying ozone. The ozone layer has a vital role in preventing dangerous ultraviolet light (which can cause skin cancer) from reaching the Earth.

Under an international agreement last year, production and use of the chemicals are to be progressively reduced by the end of the century. In the US, the chemicals are already banned from use in most aerosols.

The association, whose members account for most of the UK aerosols annual market of about £1bn, said its action resulted from many letters from people worried about the effects of CFCs.

Under the initiative, aerosols sold in Britain which do not contain CFCs will carry a label saying they are free from substances thought to damage ozone. The association was confident that most of its members would act over the next 18 months to remove CFCs from their products, replacing them with other gases such as butane.

The 10 per cent or so of aerosols which will continue to contain CFCs will be mainly for medical or industrial applications.

Members of the association, which covers a range of industries such as toiletries, household goods and medical products, include Beecham, Cussons, Elixir Gibbs, Reckitt and Colman, Johnson Wax and Wellcome.

CFCs have in recent years been increasingly linked to environmental problems.

Belfast gunmen kill three in city bar

BY KIERAN COOKE IN DUBLIN AND OUR BELFAST CORRESPONDENT

SECTARIAN VIOLENCE again erupted in Belfast yesterday when gunmen, believed to be loyalist extremists, entered a public house used by Catholics and shot dead three people. At least nine others were injured.

The attack happened just after 2pm when about 20 people were drinking in the Avenue Bar in the city centre.

"I saw a man with sunglasses poke his nose round the door," one eyewitness said. "Then he opened fire with a heavy-looking gun. We all dived to the floor, throwing bottles and trying to protect ourselves with tables. The gunman just kept shooting till he had no bullets left."

It is believed three people were involved in the attack, escaping in a car hijacked in a nearby Protestant area. A priest who

arrived on the scene soon after said there were bodies lying along the length of the bar.

There has been a bloody power struggle among loyalist paramilitaries recently and security forces believe more hard line elements intent on inflaming the conflict in British-ruled Northern Ireland have now taken control. Sources in the loyalist paramilitary Ulster Defence Association said the group was not responsible.

Security forces are worried that the shootings might lead to a round of sectarian tit-for-tat killings not seen in Northern Ireland since the mid-1970s. More than 2,600 people have died in 20 years of violence stemming from sectarian tensions in the province. This attack raises the year's death toll to 28.

Call for renewal of inner and east areas of London

BY HAZEL DUFFY

BUSINESS development in London should be concentrated in the inner area and to the east of the capital, says a report which will be put before the London Planning Advisory committee today.

The advice of the committee, on which all 33 of the capital's boroughs are represented, is the first and crucial step in planning the future of London.

The committee was set up by the Government after the abolition of the Greater London Council nearly two years ago. It will present its first advice to Mr Nicholas Ridley, Environment Secretary, in September after consultation with the boroughs and interested bodies.

One of the more controversial proposals is for an agency on which government, the boroughs and the private sector would be represented to stimulate development in inner and east London. This move might not get the agreement of the 14 Conservative-controlled boroughs. The agency would have similar powers to the London Docklands Development Corporation to acquire and assemble land, and resources to prepare the land for development.

The boroughs are anxious that economic development should not be wholly the Dockland area along the river Thames to the east of the centre of London, with

parts of east London decaying around it. Priority areas would be designated, based on locations in east and south London where key sites could be assembled.

Other policy proposals reflect the need perceived by the all-party group which drew up the report to plan for a thriving capital which is also a civilised place in which to live and work.

After years of decline, the population of Greater London has started to increase over the past two years, and is expected to grow by 300,000 by the year 2000. To deal with these pressures, the report proposes:

- Between 225,000 and 300,000 dwellings be created, with the emphasis on improvement rather than redevelopment.

- Re-affirmation of the preservation of land protected by statute from building and development.

- A public inquiry into ways of charging and licensing traffic coming into central London.

- Big improvements to public transport. In the short term, this must come from substantial new management initiatives. Longer-term aims should include a new line from Heathrow airport to central London.

- More attention to be paid to education and training, both to provide jobs to disadvantaged local residents in some areas, and to reduce the predicted labour shortages.

Former Ford chief to Stonefield

BY JOHN GRIFFITHS

FORMER chairman of Ford of Britain, Mr Sam Toy, is to become de facto managing director of Stonefield Holdings, a Kent-based four-wheel-drive vehicle maker.

The company's chequered 10-year history includes a rescue bid at its first base in Scotland, an aborted rescue by Land Rover and a buyout by its present management from Mr Abdul Shamul's Gombe Holdings group.

Gombe, which bought Stonefield from receivers appointed by

the Scottish Development Agency in 1981 after the SDA had unsuccessfully pumped £4m into the venture, has itself been in receivership for 2½ years.

This followed the collapse of Johnson Matthey Bankers to which Gombe owed £22m.

A Stonefield management team led by Mr Michael Hendrie, current chairman, bought the military vehicle and engineering companies for £1.5m at the end of 1985.

Mr Toy, 64, who retired from Ford in 1986 to become president of the Society of Motor Manufacturers and Traders (SMMT), is joining a team which, Mr Hendrie said, in buying Stonefield as a going concern had deliberately assumed responsibility for its debts.

Production was at a standstill at the time of the buyout. Now, however, the company's order book stood at £10m and it expected to produce 180 vehicles in the second half of this year.

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UK NEWS

Electricity privatisation 'could cost 160,000 jobs'

BY MAURICE SAMUELSON

ELECTRICITY privatisation could cause the loss of up to 160,000 jobs, many of them in the coalfields, says a report out tomorrow.

Unrestrained coal imports by privately-owned power stations could halve the number of Britain's pits, says the report by the Coalfields Communities Campaign. It also predicts heavy job losses in the electricity supply and nuclear industries and among British power plant manufacturers.

The campaign was set up by 78 local authorities during the miners' strike to protect the interest of the country's coalmining areas.

Its report, compiled before the Government issued its latest declaration of intent to privatise the mines, suggests that electricity privatisation will have been responsible for the loss of about 80,000 jobs within four years.

Of these, 51,500 - or 65 per cent - would be in the coal industry, particularly in Yorkshire. The other main sectors to

be affected would be the electricity supply industry itself where 55,000 jobs could go, and the nuclear industry, which could lose 13,000.

It also predicts serious implications for the power plant industry which could affect major companies such as Northern Engineering Industries, KFI Babcock and GEC.

By 1992, British Coal would be reduced to 48 collieries employing 45,000 people and producing between 75m and 80m tonnes of coal a year.

At least 52 pits would have shut and 90,000 jobs gone. Of these electricity privatisation would have been directly responsible for closing 36 collieries.

Meanwhile, a separate report issued this week suggested that even in advance of outright privatisation of the British coal industry, nearly £1.4bn a year could be saved to the economy by lifting the tight restrictions on the present small private mining sector.

Stockbroker Kleinwort Grieve-

son, in a report to a London seminar on private coal mining in the UK, said liberalisation of the private sector could cut British Coal's share of the market from 86.5 per cent to about 37 per cent and reduce the average price of coal from £41 to £29 a tonne.

While deep-mined output by British Coal would drop from 88m to 45m tonnes a year, production from opencast sites would rise from 14m to 25m. Private output would rise from 5m tonnes to 25m tonnes and imports would increase from 12m tonnes to 25m tonnes.

Steps to achieve this would include transferring ownership of coal reserves from British Coal to the Crown.

Generating Jobs: Electricity, Linked Industries and Privatisation, by Bryan Gladstone and Damian Dewhurst, Coalfields Communities Campaign, 1, Pontefract Rd, Barnsley S71 1AJ. £25.

UK Coal - The Role of the Private Sector, Kleinwort Grieve-

Sales of rogue car alarms not curbed

By Hugo Dixon

THOUSANDS OF car-owners who have bought paging alarms to alert them if their cars are broken into are themselves breaking the law, because the particular systems they have installed infringe Department of Trade and Industry standards.

The rogue paging alarms, which work by emitting radio signals, could endanger people wearing pacemakers and hearing aids. They could also interfere with other radio-controlled equipment, for example by accidentally opening electronically-operated garage doors or inducing remotely-controlled cranes to drop their loads.

However, the DTI is almost powerless in the face of these threats, because the alarms are mostly imported from the Far East, where the standards are different or else non-existent. The DTI has no authority to prevent their import or sale, only their use.

Attempts to persuade distributors of the alarms not to import them have so far failed, although some have agreed to put a notice on their products stating: "Not licensable in the UK."

However, the DTI argues that this caution is, at best, ambiguous. Consumers might well interpret it to mean that they do not need a license.

The DTI could theoretically prosecute individual car-owners. But to do so, the owners would have to be caught red-handed, which is thought to be impractical. The DTI also believes the vast majority of offenders are unaware that they are breaking the law and that it would therefore be unfair to penalise them too harshly.

The problem was highlighted last week by the case of Secom, a small British electronics company which makes the only DTI-approved car-theft paging alarm. It launched its product last year, but has not been able to find a market because of the competition from rogue alarms.

Secom's version sells for £169 compared with only £75 for the cheapest imported alarm.

Mr Mark Charlton, Secom's managing director, argues that the price difference does not reflect any inefficiency by his company, but merely the cost of complying with the DTI's high standards.

"We're not being rewarded for playing to the rules; we're being penalised," he complains. Unless something changes soon, Mr Charlton says, Secom will have to close.

Mr Mike Collican, who is in charge of licensing mobile radios at the DTI, says the department would ideally like "to ban the importation of such (rogue) equipment."

However, any such banning order must first be approved by the European Commission, and to gain approval, the DTI would have to demonstrate that the interference caused by the equipment was substantial.

Clive Wolman on contentious polls at the SE and its watchdog body Picking regulators poses problems

THE STOCK Exchange and The Securities Association, the new self-regulating organisation, are facing growing controversy over how to elect new governing bodies and a chairman to replace Sir Nicholas Goodison who is retiring after 13 years.

One particularly contentious issue which touches on the long-term future and status of the Stock Exchange is whether Mr Stanislas Yassukovich, chairman of Merrill Lynch Europe, should be allowed to combine the chairmanship of the Stock Exchange and TSA.

Elections for the Stock Exchange are expected to be held in early October while the TSA elections will have to be delayed to November or December, to allow time for all applicants to be authorised under the Financial Services Act.

Until the act came into force last month, all the regulatory work in the province of TSA was the responsibility of the Stock Exchange.

Several members of the governing bodies of the two organisations, including Sir Nicholas, believe that a single head would alleviate the drawbacks of the enforced division between the two organisations which, they argue, is artificial.

Mr Yassukovich, who is already devoting much of his time to his positions as TSA chairman and Stock Exchange deputy chairman, is in by far the strongest position to combine the two roles, even though he is employed by a non-UK securities firm.

Others, led by those with a non-Stock Exchange background, believe that a complete separation of roles is necessary to ensure that TSA, which is supposed to be an impartial regulatory body, gives the Stock Exchange an unfair competitive advantage over the other principal securities exchanges in London.

Those include Nasdaq, the



Stanislas Yassukovich: posts at SE and TSA



Sir Nicholas Goodison: retiring after 13 years

securities dealers' electronic market, and markets which may develop from systems marketed by information vendors such as Reuters and Teletext.

One independent TSA member said: "How could Yassukovich approve a TSA rule which was seen to favour the Stock Exchange more than the other exchanges?"

According to Sir Max Williams, senior partner of the law firm Clifford Chance, who is chairman of the Stock Exchange nominating committee: "It would be difficult to get enough support to have a combined chairman at the moment even if there is nothing against the idea in the longer term. TSA has a responsibility that goes beyond the Stock Exchange."

Mr Yassukovich last week declined to say whether he would be prepared to stand as chairman of both organisations.

If Mr Yassukovich is not a candidate for Stock Exchange chairman, opinion is divided as to whether Sir Nicholas's successor should be an existing council member or an outsider.

The most widely tipped insiders are Mr Graham Ross-Russell, chief executive of Laurence Prust, and Mr Andrew Hugh-Smith, chairman of Capel-Cure.

Myers, Mr Stephen Raven, who recently left County NatWest and is shortly to join another firm, has also been discussed.

Other potentially strong candidates, such as Mr Peter Stevens, a director of Chase Manhattan Securities, will probably be ruled out by the reluctance of their employers to release them on full pay. The Stock Exchange has been considering whether to make its chairman a fully paid job but that is unlikely before 1990-91.

The absence of pay is also an obstacle for many potential outside candidates, including the most widely tipped, Mr Michael Richardson, managing director of corporate finance at N.M. Rothschild and a director of Smith New Court, who was formerly a partner of Cazenove and before that Panmure Gordon.

Mr Jonathan Agnew, of Kleinwort Grieve-son Securities, who was formerly chief executive of the International Securities Regulatory Organisation, is another tipped outsider in a similar position.

The five or six people on the nominating committees of the Exchange and TSA - together with Sir Nicholas from behind the scenes - will play the key

role in choosing the new chairman. Some fear that the committees, made up of independent members and retiring practitioners, will exert an excessive and oligarchic influence over the new governing bodies.

Loosely following the New York and other US stock exchange models, the committees will draw up an approved slate of candidates designed to reflect a balance of the different interests among their memberships.

Candidates will not be explicitly labelled as representing particular interests or constituencies, for example provincial stockbrokers or options dealers, as that is considered too rigid. But if opposition candidates appear, the nominating committee will compel them to stand against particular individuals on the slate who come from what the committee considers to be the same constituency.

Further complications will arise when a third of the members has to be re-elected in rotation each year. That messy arrangement, which confers far-reaching discretionary power on the nominating committee in choosing and defining categories, is justified as being necessary to preserve balance.

An even more sensitive issue is how many votes should be allocated to each firm. Both TSA and the exchange propose that the number increase gradually in line with the size of the firm, as measured by its number of registered employees, to reach a ceiling of about 10 votes.

Only existing and authorised member firms will have a vote for the governing bodies. That creates the danger, inherent in any self-regulating organisation, that existing firms will frame and interpret rules to keep out fresh competitors.

The only point on which everyone appears to agree is that the system will have to be reviewed and possibly changed quite radically after two years.

NEI to use designs from Japan

BY NICK GARNETT

NORTHERN Engineering Industries yesterday underscored its increasing links with Mitsubishi by announcing that it was turning to Japanese technology for some middle-power electricity transmission equipment.

The company has signed a deal to manufacture under licence circuitbreakers designed by Mitsubishi Electric. NEI said yesterday that it was more cost-effective to do that than develop its own equipment.

NEI is already co-operating with Mitsubishi in a consortium to supply turbine generators in Hong Kong. It is the first time a British

supplier of equipment for power stations has won a business in a Japanese-led consortium.

In the latest deal, NEI Reyrolle will manufacture at Hebburn near Newcastle upon Tyne a family of circuit-breakers for 145 kv (kilovolt) and 245 kv electricity transmission systems.

NEI said the deal would broaden its product range in switchgear, and give it opportunities to win contracts in several countries.

The circuit-breakers are used for many transmission projects, including those related to substations.

Demand for 145 kv circuit-

breakers is increasing in the UK because of work to modernise and reinforce the transmission network. Many other countries have traditionally relied on such circuit-breakers.

NEI already manufactures circuitbreakers in that voltage range, but its products are dated.

Mr Andrew Perkins, NEI Reyrolle's managing director, said: "We made a very careful analysis of potential partners, and we found that Mitsubishi Electric Corporation had just what we needed in products and in their approach to marketing and production."

Metal Box can to use plastic bonded coating

By Maggie Urry

METAL BOX, the leading packaging group, has developed and patented a new process to bond plastic to metal which it claims could revolutionise the traditional methods of manufacturing metal cans.

The process, called Metpolam, replaces the usual varnish or lacquer coating on metal cans with plastic providing much stronger protection against corrosion.

Mr Alan Holmes, group technical director, said: "Metpolam represents a significant step forward in metal can technology offering manufacturers a superior finished product and potential cost savings. We are confident that it will be used for an extensive range of packaging."

Metal Box has set up a prototype production line in its research and development centre at Wantage, Oxon, and is negotiating for licences with a number of steel manufacturers abroad.

Drugs industry against paying test volunteers

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

VOLUNTEERS who test new medicines should never be offered payment for undergoing risk, the Association of the British Pharmaceutical Industry says in guidelines published today.

The association says that while volunteers may be rewarded in cash or kind for any inconvenience or discomfort involved, payment of excessive amounts must be discouraged because this could lead to "inappropriate repeated volunteering solely for financial gain."

An association working party has been examining the implications of medical experiments on healthy, non-patient individuals following the publication of a report by the Royal College of Physicians in 1986.

The association's guidelines, which take account of the views of the Royal College of Physicians, conclude that experiments on non-patient volunteers are an essential step towards the devel-

opment of many medicinal products. "Information from such experiments is indispensable for the scientific assessment and development of most new medicines."

But the association says the justification for testing any agent on healthy individuals depends not only on the importance of the information which could be obtained but also on the risks involved in obtaining it.

Volunteers, it is stressed in the guidelines, must be recruited of their own free will. Widespread public advertising, especially if aimed at the poor, needy or socially disadvantaged, is unacceptable. No one - such as employees of drug companies and research establishments or students - should be put under any obligation to volunteer.

The guidelines stress that women of childbearing age, children and the elderly should not normally undertake tests.

Passenger levels below Brymon's expectations

By Nick Garnett

THE AVERAGE number of passengers carried per flight by Brymon Airways between London City Airport and Paris was below the airline's expectations for the first six months of the service.

However, the company said yesterday that the load factor was rising and that overall it was pleased with the way the service was developing.

Brymon flights carried 17,379 fare-paying passengers between London and Paris during the first six months of the service, which began in November. This represented an overall load factor of 30 per cent.

The company made an operating loss on the service in this period and needs a load factor of more than 40 per cent for an operating profit. It said the load factor was about 40 per cent in the first two weeks of this month and was rising.

Brymon said last year it would take two to three years to bring the service into overall profit.

Ministers 'under-estimate costs of running poll tax'

BY CHARLES HODGSON

THE GOVERNMENT has seriously under-estimated the cost of replacing rates with a community charge, or poll tax, two associations of local authorities said yesterday.

They said the tax would cost councils an extra £268m over the next three years. The figure appeared in a report from the Conservative-dominated Association of District Councils and the Labour-controlled Association of Metropolitan Authorities.

The Government has estimated the cost of setting up the new system at between £70m and £80m.

The associations calculated that the cost of running the tax and the new national business rate from April 1990 would be £494m a year. That is two-and-a-half times as much as the present rating system, and about £100m more than current government estimates.

Mr Martin Pilgrim, the AMA's finance director and co-author of the report, said that setting up the register of those liable for the

new charges would be £144m over the next 18 months. Local authorities would also need to hire an extra 17,000 staff to run the new system.

Speaking on BBC Radio 4, Mr Pilgrim said the associations' findings were based on a survey of councils in April and May, and were more detailed than government estimates made last December. About half the local authorities in England and Wales were surveyed.

The nine London boroughs, where rates and poll tax will run side-by-side for four years were excluded. The associations said that meant the results were an under-estimate.

AMA members are due to hold talks with Department of Environment officials today about the cost of setting up the poll tax.

Mr Michael Howard, the Local Government Minister, said the Government was awaiting an independent report about the costs of the tax from Price Waterhouse, the accountants.

Rifkind boosts control over Scots investment

Financial Times Reporter

THE GOVERNMENT is to take closer control over inward investment in Scotland as part of a strategy to safeguard the Scottish dimension in industry.

Mr Malcolm Rifkind, the Secretary of State for Scotland, has set up a supervisory board "to reinforce government involvement in and support" for Locate in Scotland, the agency credited with Scotland's success in attracting inward investment.

The board's function will be to consider overall strategy, approve programmes and monitor progress. Mr Ian Lang, Minister of State at the Scottish Office, has been appointed first chairman of the supervisory board.

Locate in Scotland provides a "single door" for potential inward investors in Scotland, and can offer packages of support involving regional assistance, industrial sites and help with training.

It is staffed by staff of the Scottish Development Agency and civil servants from the Industry Department for Scotland.

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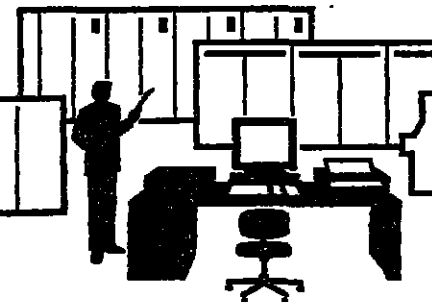
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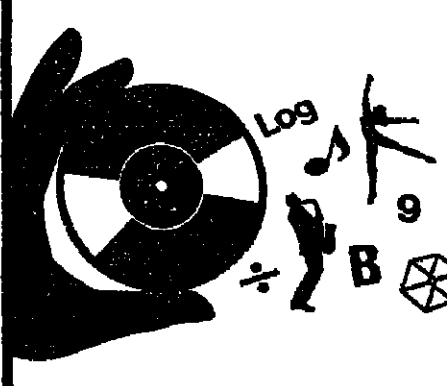
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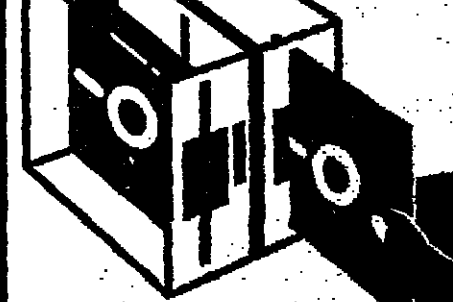
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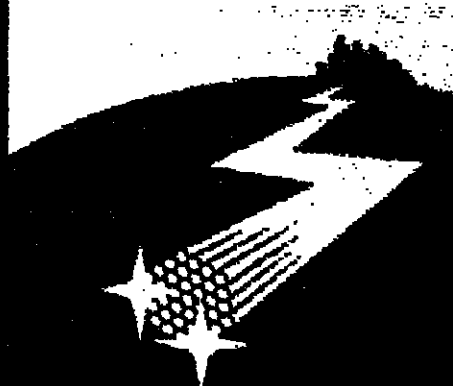
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UK NEWS — EMPLOYMENT

NUS leadership to face criticism from members

BY JIMMY BURNS IN HULL

LEADERS OF the National Union of Seamen are likely to face strong criticism from their members for their handling of the 15-week-long ferry dispute when the union's biennial delegates conference opens in Hull today.

During a preparatory "closed" session yesterday, members, backed by some headline officials, demanded that the dispute be discussed extensively in an emergency debate and that the union leadership be subjected to critical motions from the floor. Union leaders had hoped to have only one emergency motion debated today.

Critics claimed this ignored rank and file opposition to the decision to call off secondary action as well as the general frustration with the apparent failure of the union to generate wider support for the P&O strike.

Mr Sam McCuskie, NUS general secretary, is hoping to gain control of his union's assets in the High Court later this week. It is understood the union will on Wednesday request to be allowed to sell off some of its equity to pay the latest fine of £150,000 imposed by the High Court, as it no longer has any official cash reserve.

Mr McCuskie, NUS general secretary, is hoping to gain control of his union's assets in the High Court later this week. It is understood the union will on Wednesday request to be allowed to sell off some of its equity to pay the latest fine of £150,000 imposed by the High Court, as it no longer has any official cash reserve.

Tory MPs to step up dock labour scheme campaign

BY PETER RIDDELL AND TOM LYNCH

CONSERVATIVE MPs intend to step up their campaign to end the National Dock Labour Scheme, in spite of the defeat in the Commons last week of a backbench bill winding down its operation. The scheme guarantees employment to dockers in many British ports, though Tory critics argue that it is expensive and wasteful, diverting traffic through other places.

The campaign to abolish the scheme has been taken up particularly by new Conservative MPs, as well as by ex-ministers such as Mr Leon Brittan, the former Trade and Industry Secretary. A Commons motion calling for the abolition of the scheme has been backed by 210 backbench Tories. However, the call has so far been resisted by the Government which believes that current arrangements should not be scrapped. Some Tory MPs think ministers are being cautious because of official advice that such a decision might precipitate a national dock strike.

The next stage of the campaign is likely to involve a further Commons debate, lobbying of ministers and a pamphlet.

Last Wednesday, a backbench bill to force changes in the scheme was rejected by a majority of 47 (167-120), not only because of the opposition of Labour MPs but also because of the abstention of ministers, whips and parliamentary private secretaries.

The Dock Labour (Amendment and Limitation) Bill was promoted by Mr David Davis, the Tory MP for Boothferry. He argued that further entry into the scheme should be stopped, that dock labour boards should lose responsibility for discipline and that management and unions be compelled to negotiate improved practices, to produce "a new, efficient dock industry" in time for the completion of the single European market in 1992.

The scheme, he said, was "instituted well intentioned" but was subject to abuses which helped make ports uncompetitive. Discharging cargoes at UK ports cost £7.50 to £15 a ton, against £2.50 to £3.50 at Rotterdam and Amsterdam. He said the additional business and jobs created after 1982 would go to British ports if they became competitive.

Laird gives single-union proposals a boost

By Charles Leadbeater, Labour Correspondent

THE TUC's efforts to win union agreement on a procedure to regulate inter-union competition over single-union deals was given a boost yesterday when Mr Gavin Laird, the AEU engineering union's general secretary, gave the draft procedure a guarded welcome.

The AEU leadership had warned that it may consider pulling out of the TUC if too rigid a set of procedures were introduced. However, Mr Laird said the document, to be discussed on Wednesday by a special review body of 20 union leaders, was a basis for constructive negotiation which would accommodate the AEU's desire to continue to sign single-union deals.

It seems likely the draft procedure will widen the rift between the EETPU, electricians' union, and the TUC over strike-free agreements. Electricians' leaders said the draft significantly tightened up procedures governing when a union could enter a strike-free agreement.

The union's members will vote in mid-June on whether to pull out of the TUC.

The TUC proposals for regulating single-union, and no-strike agreements, which fall into two main parts, have been tightened up since left-wing union leaders rejected proposals at a meeting last month.

● The TUC had initially proposed that unions should not offer no-strike agreements to win recognition from an employer. In the revised draft the TUC proposes: "Unions should not conclude agreements in exchange for recognition, which specifically remove or are designed to remove the basic, democratic, lawful rights of trade union to take industrial action."

It qualifies this by saying the clause, which would be included within TUC guidelines union negotiators would be expected to observe, does not rule out agreements under which a union or an employer may be able to choose to refer a dispute to arbitration, including pendulum arbitration. However this clause effectively rules out recognition agreements which include a compulsory reference to arbitration as the final stage of a dispute procedure. The EETPU has signed a number of such agreements.

● If an employer insisted that a union gave up its right to take industrial action, the union should at once consult the TUC. ● The TUC proposes to introduce a standard form which unions would use to provide details of proposed agreements they were planning to conclude. The document says this would "expose the union to TUC guidance" on whether it could go ahead with the agreement or whether it should consult other interested unions.

In the initial proposals the TUC suggested unions should provide information about agreements once they had been concluded. Unions' observance of both clauses would be taken into account by a TUC disputes committee if one were called to rule on whether a single union agreement should be allowed to stand.

Thomson expected to recognise two unions at TV plant

BY PHILIP BASSETT, AND CHARLES LEADBEATER

UNION LEADERS believe that Thomson, the French electronics group, is likely to grant recognition to two unions at its television factory at High Wycombe, Buckinghamshire soon.

The significance of such a move is that the EETPU, electricians' union was last year instructed by the TUC to withdraw from a single-union agreement at the plant, which was then owned by Thorn-EMI. The union reluctantly agreed to the instruction but warned that as a result the plant would become a non-union establishment.

Leaders of the union have cited the Thomson-EMI case as one of the reasons why they are refusing to accept two instructions from the TUC disputes committee to withdraw from two further single-union deals at Orion Electric and two Christian Salvesen depots.

On the basis of the High Wycombe case, the EETPU says that these sites would also become non-union if it withdrew. By refusing to accept the disputes committee's decisions the EETPU is likely to be suspended or expelled from the TUC.

But the AEU engineering union and the MSF general technical union, claim the plant is 90 per cent organised. They claim that contacts with senior executives of Thomson Grand Public, the consumer electronics subsidiary of Thomson, have convinced them that it is likely to grant recognition to them soon.

EETPU leaders yesterday said they had already received reports of unions attempting to poach members from it in the run up to its ballot on whether to withdraw from the TUC. Leaders of the AEU, engineering union, which is holding amalgamation talks with the EETPU, said their union would continue

to work with the electricians and protect it from poaching even if it was outside the TUC.

Leaders of both unions said the amalgamation talks would not be affected by the EETPU's decision to ballot of pulling out of the TUC, although Mr Gavin Laird, the AEU's general secretary said his union would have no involvement with an "alternative TUC".

● The assumption that single union agreements are the only form of modern industrial relations is mistaken according to a detailed survey of employment and unionisation in the Scottish electronics industry.

The study, by Dr John MacInnes of Glasgow University, and Mr Alan Sproull of Glasgow College, says single union agreements are the least common form of worker organisation within the industry, covering less than a quarter of workers in unionised establishments. It says there is little evidence that such agreements have grown rapidly in recent years.

The authors say the significance of their findings on single-unionism are that: "The arguments which have been advanced that single unionism is the automatic pattern for future union organisation find little support from our evidence."

While the survey of 144 plants found that older plants were more likely to be unionised, it found that there was not a statistically significant link between newer plants and single union agreements.

Trade Union Recognition, Single Union Agreements, and Employment Change in the Electronics Industry in Scotland, is available from the Department of Economics, Glasgow College, Cowcaddens Rd, Glasgow G4 0BA, Price 25.

特別企画

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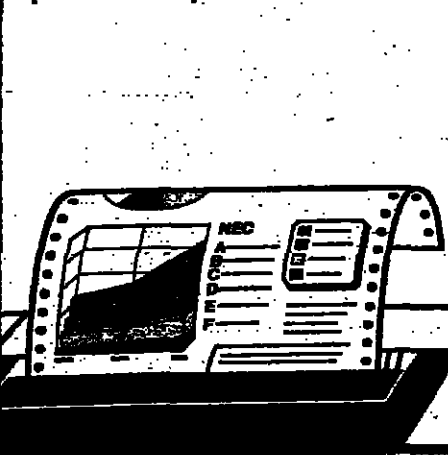
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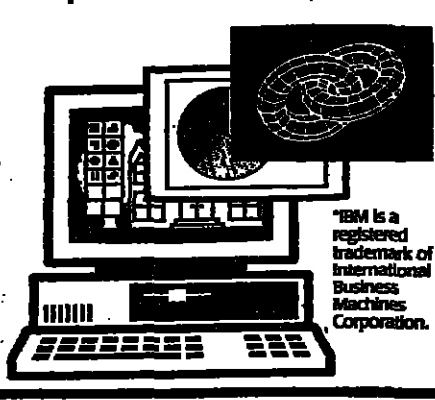


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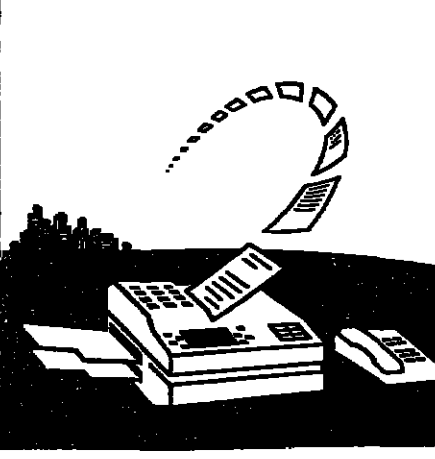
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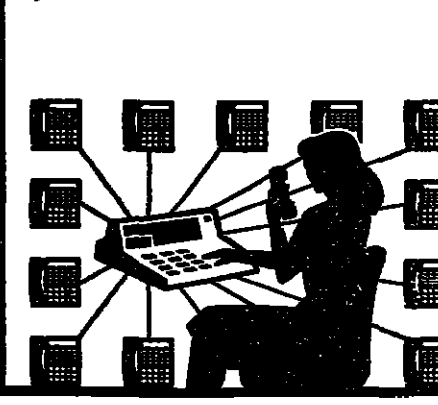
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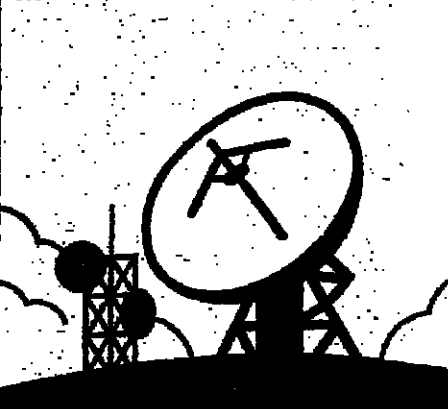
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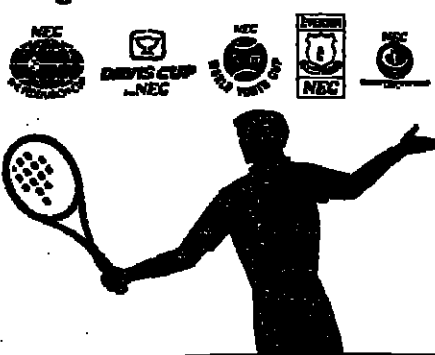
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UK NEWS

Advantages of full EMS membership questioned

BY SIMON HOLBERTON

BRITAIN SHOULD not become a full member of the European Monetary System until there are signs that the system has become more oriented towards growth, James Capel, the securities house, says in its latest review of the British economy.

It would only be in Britain's interest to join the exchange rate mechanism (ERM) if the Bundesbank, the West German central bank, adopted less restrictive policies or had its power reduced, and if there were a greater commitment by other EMS countries to pursue tighter monetary policies.

James Capel questions whether the EMS has, by its existence, led to lower inflation in Europe but it agrees that the system has imparted stability to participating currencies. It doubts, however, whether such stability could have been maintained if sterling, which is a major trading currency and susceptible to oil prices, had been a member since 1970.

Sterling is a more widely traded currency than any other

member currency with the exception of the D-Mark. James Capel contends that the introduction of another major currency into the system would under most circumstances increase tensions within it because the system derives stability "from the fact that it operates with a number of smaller satellites around the DM core."

James Capel places the ERM group of countries' experience in reducing inflation in the wider context of a decline in world inflation during the 1980s. It also notes that over the past nine years the rate of UK inflation has moved better than many other EMS countries relative to West Germany.

Although it concedes that exchange rate stability has been achieved it has been done at the cost of lower growth and higher interest rates. ERM countries have had higher interest rates and lower output than other major countries in the 1980s.

Since the recovery in world growth in 1983, West Germany, France and Italy have grown by

2.1 per cent a year compared with 3.5 per cent for the UK, 3.8 per cent for the US and 3.9 per cent for Japan.

James Capel says, "In our opinion, growth within the exchange rate mechanism countries has been subdued not only because of Germany's unwillingness to reflate but also due to monetary misalignment within the system itself."

In spite of the narrowing of inflation differentials there has been little improvement in narrowing the differential between West German and ERM interest rates. This suggests that the credibility of the individual members' anti-inflation stance is weak and almost wholly dependent on the discipline imposed by these countries' links to Bundesbank policy.

"Through its current operating procedures, the ERM will have a tendency to keep interest rates relatively higher against Germany and worsen the trade balances of those economies which are perceived as not having domestic monetary policies, which are tough on inflation."

Industry 'should have support on exchange rates'

By David Lascelles

BRITISH industry deserves government support on exchange rates to obtain a longer breathing-space in which to improve its trading efficiency, according to a newly formed banking association in the Midlands.

Mr John Barker, chairman of the West Midlands International Investment and Merchant Bankers' Association, says in an inaugural briefing that UK industrial companies have largely protected themselves against sterling's strength by using hedging devices extending up to the middle of next year.

He expects them to use this period to invest in new capacity to reduce production costs and improve their export competitiveness. But they might need longer to complete a long period of adjustment which dates back to the recession of 1981.

The bankers' association was formed last week with 23 members, to act as a focus for Midlands banking activities.

Minister hits at plan for bank 'protection'

BY RALPH ATKINS

A GOVERNMENT minister yesterday condemned as "protectionist" a proposed measure from the European Commission to control non-European community banks operating in member states.

Mr Peter Lilley, Economic Secretary, said a provision in a planned EC directive would prevent member states from authorising banks from non-EC countries unless institutions from all member states had full access to that country's market on equal terms. He said it had been included in the directive without prior discussion with member states.

Speaking at the Konrad Adenauer conference attended by European finance ministers at Lake Como, Italy, Mr Lilley added: "We want our companies to have access to other countries' financial markets, just as they participate in ours. But any reciprocity powers should be used to open markets overseas, not to

close our markets to fair competition from abroad."

The second banking co-ordination directive covers the terms under which a bank authorised in one member state would be able to provide a range of services in other EC countries. It is currently being considered by the European Parliament.

Mr Lilley said the Government saw the creation of an internal market in Europe from 1992 as an opportunity to remove barriers of competition. However he said the EC should not knock down barriers within Europe only to strengthen those between Europe and the rest of the world.

"We should not use the size of the market as an excuse for not looking outside it. The community can still benefit enormously from trade with the rest of the world," he said. "That is why we resist and will continue to resist measures that we see as protectionist."

Rees-Mogg set to check TV sex and violence

By Raymond Snoddy

SIR WILLIAM Rees-Mogg, former vice-chairman of the BBC Governors, is expected today to be named chairman of the planned Broadcasting Standards Council to monitor sex and violence on television.

As the price for accepting the job, Sir William has won from the Government the right to preview programmes brought in by Britain's broadcasters, particularly American films. The new council will not have the power to prevent such programmes being shown, only the right to express an opinion in advance of transmission.

A compromise was agreed in talks between Sir William and Mr Douglas Hurd, Home Secretary, after Sir William said he would not accept the job until he was sure the new council would have real powers.

Sir William, a former editor of The Times, now completing his term as chairman of the Arts Council, has made it clear he will not have the right to preview programmes made by British broadcasters.

In neither case will the council have the right to prevent anything being shown. Its role will be to draw up a code of standards on the portrayal of sex and violence on television, including cable and satellite television, and express its opinion when it believes those standards have been breached.

Since Mr Hurd announced the creation of the council at last year's Conservative Party conference, it has been made clear that its main power will be to oblige broadcasters to carry on air any criticism the council makes of their programmes. The council is to be formally created in a broadcasting bill due to be introduced in the autumn.

Both the Independent Broadcasting Authority and the BBC have been critical of any right of preview which they believe would pre-empt their statutory roles.

Sir William had made clear, however, that he believed the council should concentrate on narrowly defined issues of sex and violence and that questions of fairness in programmes should remain issues for the BBC and IBA.

CBI/FT SURVEY OF DISTRIBUTIVE TRADES

Growth rate in retail sales slows markedly

HIGH STREET sales growth in April fell short of retailers' expectations, the Confederation of British Industry Financial Times survey of distributive trades reports today. There is optimism about an improvement this month.

The new survey points to a marked slowing in the rate of increase in sales compared with the second half of last year. The results tally with last month's survey, which also suggested a moderation in the pace of growth.

The survey measures changes in the difference between the percentage of retailers reporting a rise in sales volume and the percentage reporting a fall. It charts the difference from month to month as well as a balance, consisting of the percentage reporting a rise minus the percentage reporting a fall.

The survey covered 493 distributors last month, including 271 retailers. Of the retailers 52 per cent reported a rise in sales, and 21 per cent a fall, leaving a balance of 31 per cent. That compared with balances of 46 and 40 in February and March respectively.

Mr Nigel Whittaker, chairman of the survey panel, said: "The results of the survey continue to support our belief that the underlying rate of sales growth has moderated since the autumn of 1987."

He added: "Although sales in April did not rise quite as fast as shopkeepers had anticipated - and some said that sales were disappointing for the time of year - retailers are now looking for better business in May."

When asked what they expected in May, the answers from

retailers in the survey produced a balance of 58 per cent. The survey has recently tended to show retailers being unjustifiably optimistic.

Chemists and retailers of durable household goods were most positive about sales growth in May. Retailers of hardware, china and DIY goods and shops selling confectionery, tobacco and newspapers reported the best sales increases in April.

The survey shows that retailers built up stocks in April, reflecting the sales growth which was slower than expected. The balance reporting excessive stocks was the highest since February 1985.

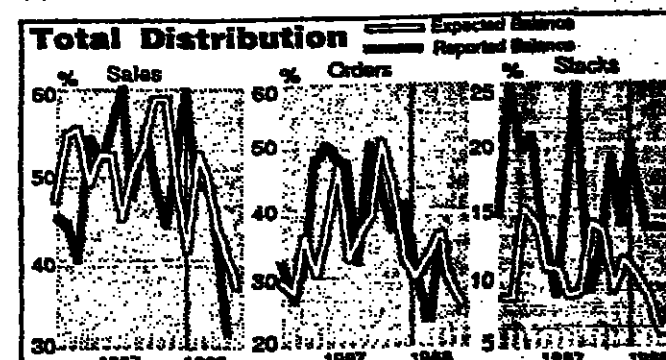
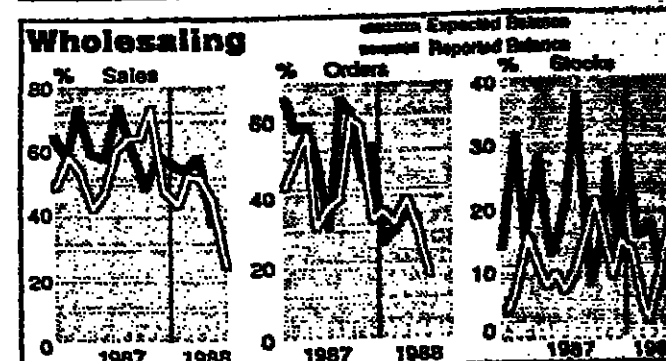
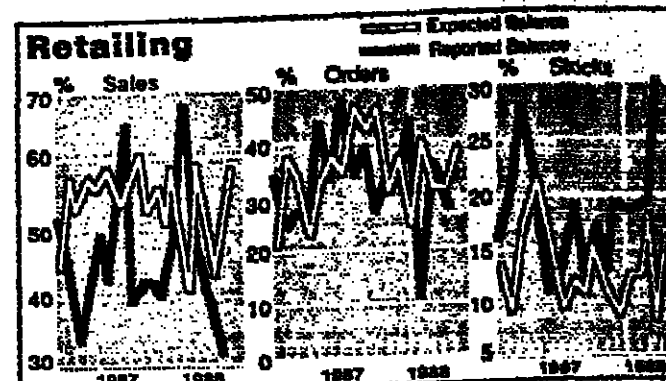
Wholesalers also reported slower sales growth in April. The balance of 37 per cent between those with more sales and those with fewer was the lowest since November 1986.

April's sales fell short of expectations and there was caution about sales in May. Orders placed by wholesalers in April slowed in line with expectations. Stocks improved, however, by slightly more than had been anticipated.

Builders' merchants and food-and-drink wholesalers reported the best sales increases in April. Builders' merchants and wholesalers of materials for electrical installations were most optimistic about sales growth in May.

Among motor traders there was a slowing in April in the growth of sales compared with 1987 after relatively buoyant increases in the previous three months.

Companies selling parts and accessories were more positive than vehicle traders about sales in April but for May vehicle traders appear to be most optimistic.



National Savings decline

BY OUR FINANCIAL STAFF

NET contributions to National Savings have continued their trend of slow decline. They totalled £157m in April compared with £188m in March, £200m in February and £228m in April last year.

Total investment in National Savings stood at £36.6bn at the end of April, £2bn more than a year earlier.

The most successful products continue to be income bonds with net sales of £158.8m, which more than accounted for the whole net contribution of National Savings to government funding.

Investment accounts contrib-

uted £65.2m and deposit bonds £18.5m, while there were small positive net inflows into the yearly plan and premium bonds.

Money has continued to drain slowly out of ordinary accounts and index-linked certificates.

The biggest negative impact once again came from fixed-interest certificates, which have become less competitive. However, encashments of those certificates totalling £250m during April were a little less than in March, and allowing for new purchases of certificates and interest accrued the net outflow was £39m.

Car makers raise prices

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER and Vauxhall, which together control about 30 per cent of the UK new car market, are both raising their prices for the second time this year.

Austin Rover is increasing the average price of its models by 2.5 per cent, while Vauxhall is increasing the price of its Vauxhall-Opel cars by 2.3 per cent and the price of its Bedford vans by 2.8 per cent.

The price rises follow the initiative taken by Ford, the UK market leader, which is increasing its prices from today by an average of 2.5 per cent.

The last round of car price

increases was in January, when most leading manufacturers raised prices by an average of 3 per cent following a series of three price rises in 1987. The car makers enjoyed one of their most successful financial years of the decade in 1987 and most are expecting new car sales to set a record in 1988 for the third successive year. In the first four months of the year Ford, which was hampered by its two-week strike in February, captured 26.1 per cent of new car sales, while Austin Rover took 15.16 per cent and Vauxhall 14.98 per cent.

from Bunzl at 420p a share in 1986, has for the second year running reported a downturn in profits.

Results for the year ended December show a pretax profit of £11.55 million against £12.59 million in 1986 and £13.6 million in 1984.

encouraged by the strength of the pound, are showing a sharply increased interest in acquisitions in mainland Europe.

The latest figures show that their enthusiasm for the United States also remains undiminished.

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FINANCIAL TIMES SURVEY



After two bleak years — caused by the sudden drop in oil prices — things are starting to look up,

says James Buxton. Now Aberdeen and "the Grampians" are becoming keen to shout about what they have achieved and to consider how the region will fare beyond 2000

A wealth of achievement

"GRAMPIAN AND Aberdeen have far more going for them than any other part of Scotland and, therefore, have the potential to do more for Scotland as well as themselves than anywhere else."

That testimonial, uttered last year by Dr George Mathewson when he was chief executive of the Scottish Development Agency, could easily be dismissed as one of those obligatory compliments which dignitaries pay when visiting outlying regions — especially as in this case the region happened to be the speaker's home.

Yet what he said has considerable force. In a country scarred by the decay of old industries and the dereliction of many of the towns they once served, Grampian region stands out. It is the centre of Scotland's largest single industry in terms of employment, the North Sea offshore supply industry, developed not with grants and special assistance but largely by untrammelled market forces.

But though Aberdeen and its surrounding area have in consequence become one of the richest parts of Britain — and certainly the richest part of Scotland — the offshore industry was built on an economy that was already pros-

perous. Before oil came, the north-east of Scotland had a strong fishing industry; Aberdeen was the centre of a fertile farming area; and there was some manufacturing. The north-east never suffered the economic body-blows which haunt new industrial development in the central belt of Scotland.

Since 1975 and the reform of local government, the north-east corner of Scotland has been called Grampian region. The city of Aberdeen itself accounts for about two-fifths of the population of around 500,000. But the region is still pleasantly balanced: good farmland stretches along the eastern and northern sides while its core is the extremity of the Grampian Mountains.

North of Aberdeen, the port of Peterhead is now the centre of the fishing industry, said to land more fish than anywhere else in Europe. Close by, some of the main oil and gas pipelines from the North Sea come ashore. Further west are the River Spey and its tributaries such as the Fiddich and the Glenlivet with the greatest concentration of whisky distilleries in Scotland. Inland from Aberdeen the River Dee leads to Royal Deeside, crowned by Balmoral.



Fishermen unloading their catch at Aberdeen — though Peterhead is the region's leading port

The Grampian Region

The only time in recent years when Aberdeen and Grampian region were really tested was in 1986 when 10 years of headlong growth came to a sudden end with the halving of oil prices to under \$15 per barrel. The major oil companies virtually halted exploration work overnight. Drilling rigs lay idle off the beach at Aberdeen.

The unemployment rate in Aberdeen temporarily went up to almost 10 per cent and in Grampian as a whole the number of oil-related jobs fell from 52,000 to 41,000. The oil companies and the organisations that supply them began a ruthless pruning of fat, and the Aberdeen housing market collapsed. Houses sat unsold for months and some families moving back to the south simply abandoned their properties to be repossessed by the building societies.

Though the oil price was still in the doldrums, the offshore supply industry began to recover in about May of last year as the very low rates for hiring drilling rigs brought the majors back into exploration. New oil and gas discoveries were made. Oil-related employment in Grampian is reckoned to have recovered to 44,000 by last December. A leaner offshore industry is coming to terms with the fact that though the years of headlong expansion may be gone, the North Sea has many decades of life in it.

As Mr Ian Wood, chairman and managing director of the John Wood Group, the leading locally-owned offshore services concern

in Aberdeen, put it recently: "Recovery means a recovery of confidence. It does not mean a recovery to the levels of 1985."

With several new offshore projects having been unveiled in the last few weeks, spirits are now rising in Aberdeen. "There's a much better feel about Aberdeen now," says Mr Harry Tocher, an assistant general manager with Bank of Scotland in the city. He points out that houses are at last beginning to sell easily again after two bleak years.

But while Aberdonians now treat the 1986 collapse as a salutary shock from which the survivors have emerged healthier, they fear that the rest of the world still retains an image of the city created by TV programmes and newspaper articles which sometimes contained a degree of Schadenfreude at the city's misfortunes. A survey by Grampian Television revealed that 50 per cent of media executives in the south-east categorised Grampian region among the down-market parts of Britain. Yet Aberdeen is manifestly flourishing and even at the trough of recession its unemployment was below the British average.

Nowhere is anxiety about the area's image felt more strongly than at Grampian regional council: while in the good days it may sometimes have thought that Aberdeen overshadowed other districts of the region, it now finds itself associated with the city's unmerited new image. This is why the council, run by a coalition of Democrats, the Scot-

tish National Party and Independents (it was formerly Conservative), has launched the Grampian Initiative.

This is an operation which cities and regions in many parts of the EC would instantly recognise: brochures, slogans, presentations, speeches and competitions of intriguing little facts. The campaign, on which the region is spending £750,000 over two years, has even invented a new race of people — the Grampians.

The Grampian Initiative is unashamed public relations, aimed both at boosting morale in the outlying districts of the region itself, and telling people in the rest of Britain about the strengths of the area. It will hope to overcome a defect identified by Mr Derek Marnoch, chief executive of Aberdeen Chamber of Commerce, who complains: "People here are reluctant to shout about their achievements in case the man next door finds out."

Not all parts of the economy are doing well. The fishing industry, though currently benefiting from better prices, is concerned about the cause of those higher prices — falling fish stocks. The fish processing industry finds the prices hard to cope with. Farming in Grampian is suffering not only from the general depression in Europe but from the effects of very bad harvests in 1985 and again — particularly in Aberdeenshire — last year.

Manufacturing industry in much of Grampian drew an important advantage from the oil boom: the lure of the oil industry

forced up the cost of labour and obliged companies to restructure long before recession forced that process on companies in the rest of Britain. Food processing companies like Baxters of Speyside at Fochabers and Walkers of Aberdeen are doing well. Even the whisky industry, after several years of distillery closures, is now a little more optimistic. The paper industry is flourishing.

Even before the 1986 oil industry recession struck, Aberdeen had begun to think seriously about how it would fare in the next century. Some of the city's leading businessmen commissioned a study which considered the city's strengths and weaknesses. The result was the publication last year of the Aberdeen Beyond 2000 report which contains a series of recommendations on how the city can increase its exports of oil technology, improve the performance of its other industries and make its educational institutes co-operate more closely.

Aberdeen Beyond 2000 is chaired by Mr Ian Wood and now has its own executive. Study groups are at work delving further into different aspects of the scheme. One of the more interesting is to develop a theme park around the oil industry — provisionally labelled the Oil Industry Experience — to show people the wonders of offshore technology. It could cost between £15m and £20m. Part of the objective is to try to persuade visitors not to hasten too quickly through Aberdeen before venturing into the superb countryside beyond it.

Fishermen feel the pinch

More vessels, lower stocks

GRAMPIAN REGION is tied to the sea by more than offshore energy activity. Fishing continues to be a vital sector, providing a livelihood for some 20,000 people.

Like agriculture, however, it is an industry under threat. A shortage of white fish stocks and the imposition of quotas are causing worries far beyond the harbours.

Peterhead is the biggest white fish port in Europe, enjoying landings last year valued at £72.5m. But past overfishing is causing supply problems, particularly of haddock, with quota allocations exacerbating the problems.

Most of the vessels working from Grampian ports such as Aberdeen, Peterhead, Fraserburgh and Buckie are small "shore" vessels, many family-owned, with the proceeds of the catch divided among crew members. Fishermen are feeling the pinch as more boats enter the industry — often as sons move into the business — and Icelandic and Faroeese imports via Humber-side reduce prices.

Fishing crews complain that, in order to make money, they must work long and hard and often travel far afield to net a satisfactory catch. Some 20 per cent of Grampian boats actually spend some of the year based at West Coast ports such as Kinlochbervie and Lochmavon. The harvest is better, but it can be a vicious circle: moving merely puts pressure on fish stocks in a different area.

Mr Roddy McColl, secretary of the Scottish White Fish Producers' Association, sums up the problems. "We have declining stocks of fish, plus an increasing number of vessels. The equation is not balancing. Longer trips are being undertaken with a view to ensuring that finances square at the end of the week."

"Until now, fishermen have been making money, but it could be that 1988 sees one of the troughs which we can have in this industry," he warns, though he admits that "it's not yet got to the stage where it's not worth taking the boat out."

The pelagic fish sector, although smaller, is relatively healthy. There is a growing home demand for herring and mackerel, and the large "Klondykers,"

East European factory ships tied near the major Scottish ports, are keen to take the catch for consumption in their own countries.

This market, however, is dominated by specialised vessels, operating under a restrictive licensing scheme. Regulation was originally designed to ensure that stocks were protected, but there are those who claim it has merely created an elite, encouraging a trade where the licence alone can be traded for £750,000.

Those fishing boats which do land fish ashore make mainly for Peterhead. It has been the region's premier port since the early 1970s, when there was a mass withdrawal from Aberdeen because of the costs of the national dock labour scheme in the city.

This scheme, requiring dockers to be paid high rates for unloading, has restricted Aberdeen's status as a port ever since. It is still important in landing terms, with 1986 figures showing an annual landing value of more than £31m, but fishermen and fish merchants alike see it as an outdated and unnecessary restriction and want the agreement scrapped.

It is not only the fishermen who worry about low stocks. The merchants who buy and process the landings can sell out everything they can get their hands on: their main difficulty, too, lies in access to supplies.

Predictions have been made that, if they cannot get hold of more fish, jobs in this sector could fall from 4,500 to 3,500 over the next two years. The scarcity means that merchants are paying 25 per cent more for the landed product than they were last year.

There are other complaints, too. Grampian has failed to attract foreign boats for processing. These continue, for historic reasons, to use English ports, although Aberdeen merchants argue that it makes little economic sense for these vessels to lose 48 hours fishing time by steaming to England to land the catch. So far, however, it is an argument which has fallen on deaf ears.

Serious questions also remain over the future of the Aberdeen harbour area. The city handles some 90 per cent of all Scottish fish processing and trading, but

Continued on facing page



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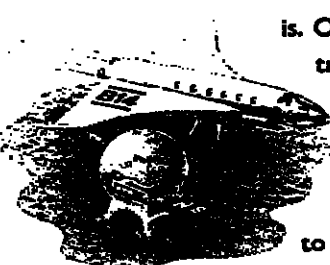
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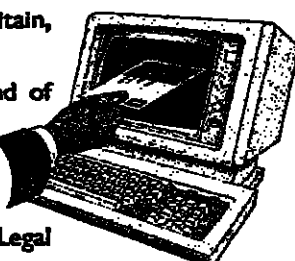
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GRAMPIAN REGION 2

A paper maker's growth pains

Tait tackles big league

IN THE pretty valley of the River Don just outside the market town of Inverurie (15 miles north-east of Aberdeen) is one of Scotland's most remarkable companies.

In the past two years Thomas Tait, a family paper maker founded in the mid-19th century, has been through an extraordinary and not totally painless transition.

Thomas Tait is one of three paper manufacturers in Grampian, the others being Donside (part of a recent management buy-out from Bowater) and Wiggins Teape.

Until 1986 Thomas Tait was producing 40,000 tonnes of fine business paper a year in 1985 it had sales of about £25m (on which made profits of £1.5m). In the ever more competitive British paper market, heavily subject to currency fluctuations and often at the mercy of large-scale competition from the rest of Europe, the company's volume was simply too small to ensure survival.

Mr Thomas Tait, the company's 40-year-old managing director, who has run the business since he was 19 when his father unexpectedly died, conceived a bold plan to transform the company.

The way forward, he decided, was to move straight into a much bigger league by installing a new machine that trebled the capacity of the mill to about 120,000 tonnes a year.

Tait ordered a Duoformer machine from Voith, one of the leading West German paper machinery manufacturers. A completely new plant had to be built to house it. One of Tait's two existing machines was sold, to Peru.

Choosing and acquiring the machine presented its own complexities. But more challenging was financing a deal worth about £24m - equal to the company's annual turnover.

In a package devised by investors in industry (SI) and the Scottish Development Agency the Tait family agreed to reduce its equity stake in the company from 55 per cent to 35 per cent. That enabled the company to attract £24m in new share capital and a further £2.5m in loan capital. Some £4.5m came in lease finance from SI and an overdraft of £2m was secured.

As well as SI and the SDA, the company attracted N.M. Rothschild, Kleinwort Benson, County Bank, Barclays Bank, Charterhouse Development Capital, Ivory and Stone, and East of Scotland Industrial Investments as shareholders. As Grampian is not an assisted area, no development grants were available, though the company did obtain a £400,000 grant for energy saving from the Department of Energy.

The new machine, as long as two football pitches, was an

immediate technical success, reaching 90 per cent efficiency within nine months against an industry norm of two years. Last year, the first full year of operating the new machine, output reached 84,000 tonnes - a year and a half ahead of the original schedule for a steady build-up of production. Sales, which in 1986 reached £31.9m (on which it lost £807,000), amounted to £49.9m in 1987.

The surge in output was made possible by the new equipment but due to greatly increased demand for the company's products. With the pound relatively weak against the Deutschmark in 1987 Thomas Tait did well both in the British market and in continental Europe where it sold about 30 per cent of its output.

However, the financial result was disappointing because the company failed to recover a large debt from a customer in Belgium and Holland who is alleging breaches of contract. Tait has provided £2.1m as an exceptional item to cover the debt, which turned what would otherwise have been a pre-tax profit of £1.8m into a loss of £507,000.

The speed with which output has built up has forced the company to bring forward plans to invest in further downstream equipment. A sheet cutter is to be acquired this year for about £3.5m to sheet the paper - much of which currently has to be sent to other manufacturers for this process. On top of that, Tait will have to invest up to £700,000 in meeting new efficient treatment regulations on the River Don, and is also to build a new office block to replace the current rather scruffy offices.

"This investment will unblock the company's potential for profit and growth," says Mr Chris Thomson, the company secretary. It means going back to the shareholders for more money. Thomas Tait expects to raise £4m by way of an issue of debentures repayable over three to five years.

To steer the company through its expansion and build it into a bigger organisation Mr Tait has been recruiting a new team of executives. However the immediate market prospects are seriously clouded by the current strength of sterling against the D-mark which not only makes exporting more difficult but also makes the UK market more attractive for foreign exporters.

Output is expected to go up by only 10,000 tonnes this year and exports are likely to decline to about 25 per cent of sales.

Will Thomas Tait ever go public? "When the institutions came on board a commitment was given that they would consider a listing of some kind - we haven't moved from that position," says Mr Thomson.

James Buxton

At the mercy of competition from the rest of Europe

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James Buxton

Agriculture

Cold comfort from switch into cereals

summer the following year, but in 1987 the weather was so bad that much of the crop did not even meet the quality required by the intervention stores, with barley going for animal feed or maltings at reduced prices.

In some cases, the soil was so wet that, as well as having to

banks have been benevolent, perhaps because they see little point in moving in on a diminishing asset.

Traditionally, many farmers in the region dealt with the Clyde-dale Bank. However, its separation from the Midland parent and takeover by the National Bank of Australia last year led to the new owners refusing to acquire the heavy debts of some farmers, so the Midland had to step in instead. Confidence in the industry was damaged even further.

Dr Peter Millard, a research leader at the Macaulay Land Use Research Institute in Aberdeen, blames government policy for the current situation. "Even as late as 1983, they were encouraging farmers to go into maximum production; grants were available and they were actively encouraging loans."

"Then, however, they did a U-turn. They are now starting to think in terms of reducing output, by encouraging farmers to take 25 per cent of their land out of cereals or beef."

The crisis in the industry has hit land prices in the region, which are down to about £600 per acre, compared with £1,000 in 1981. There have been some foreclosures, but in general the

leave up to 20 per cent of their summer crops in the ground, farmers could not sow their winter harvest. Many farmers, having borrowed heavily to finance an expansion in the good days, found they had severe difficulties in repaying loans.

The first large-scale problem developed in 1985, when an appalling summer caused major reductions in the yield and a shudder throughout the industry. The problem eased with a good

Another bad summer "could force many more out of business"

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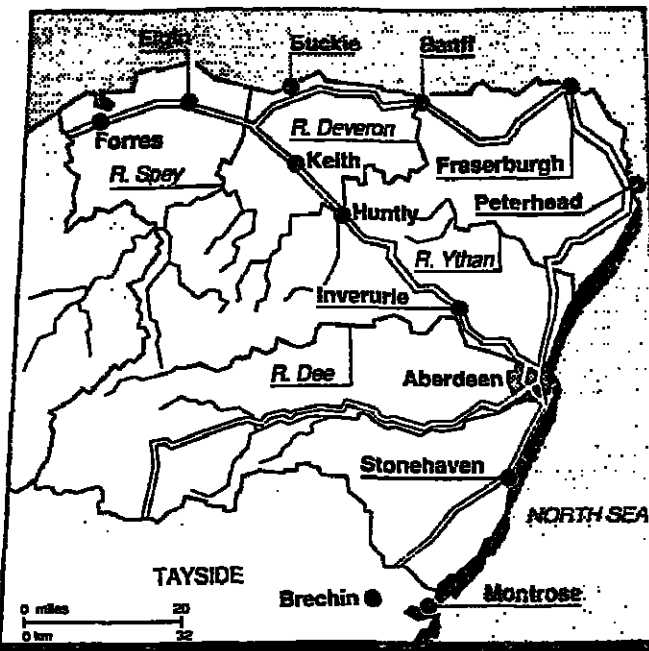
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problems here, too, with Irish beef, taking advantage of the EC green currency system, being sold into the wholesale market below Scottish prices.

A recent improvement has, however, been perceived in this sector. The switch from cattle has led to a European shortage. Those who stuck to livestock, according to the NFU, are now starting to see the benefits.

But pig farmers are now facing lower profits, while imported meat can take advantage of the EC's monetary compensatory allowance. This downturn provides a further worry for the

Those who stuck to cattle are starting to see the benefits

cereal market, since barley is used to provide suitable feed.

Milk, now under a quota system, and sheep, popular in the region's upland areas, may soon face problems. Milk could have difficulties if price increases or quota reductions put pressure on the industry, and a tightening of government support could affect sheep farmers.

Not all, however, is doom and gloom. Many farmers, especially those with family units, tightened their belts when problems came and, with less borrowing problems, have been well able to ride the storm. They may not exactly be prospering, but they will surely live to fight another day.

Andrew Collier

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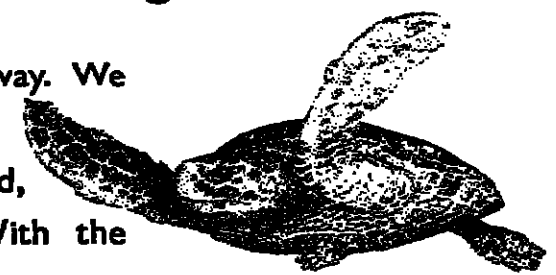
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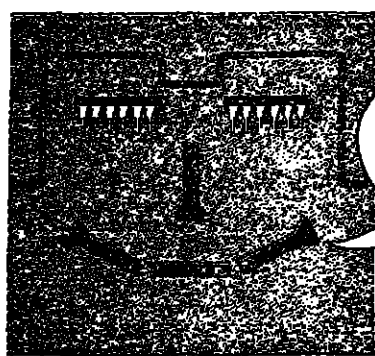
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Grampian's Going Places

Fishermen

Continued from facing page the working conditions of some businesses, situated in old buildings and lacking the latest technology, are hardly conducive to the challenges of the 1990s.

One industry source puts it bluntly: "If a new EC document on hygiene standards is adopted, then about three-quarters of fish processors would disappear because they wouldn't make the grade."

European legislation on the issue is expected to be implemented before 1992. Partly as a result of this, the Scottish Development Agency has commissioned a study into the environment of the harbour area. The results of this survey is expected shortly, and fish traders are hoping that it will lead to the provision of a "fish park" in the centre of the processing area by the harbour, operated in conjunction with Grampian Regional and Aberdeen District councils.

Two-thirds of Scotland's landed fish is still processed in Aberdeen, and there is a growing emphasis on value added products such as recipe dishes to meet the retail switch in recent years from fishmonger to supermarket. This sector will continue to grow in importance.

Market support for fish because of healthier eating trends is not, however, likely to manifest itself in new processing employment. Lack of fish and the introduction of new technology have caused an employment drop of some 40 per cent on previous years. With depleted stocks continuing, no major jobs boost is on the cards.

Andrew Collier

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THE MONDAY PAGE

Memo to Mr Baker's successor



ANTHONY HARRIS
in Washington

The grand old Duke of York
He had ten thousand men.
He marched them up to the
top of the hill
And he marched them down
again.

THE OLD DUKE got pretty near
to Washington last week. Many

years ago he was a dominant figure in the London bond market, though little has been heard of him since 1983; but the nabbing in Wall Street and Washington until the Treasury bond refunding operation was completed on Thursday brought back vivid memories. If nothing is done to head him off, he is likely to be a serious nuisance to the next Treasury Secretary.

Before we come to what the British government did about this threat in 1982, some explanations are in order. The Duke was the London shorthand for the Bank of England's tactics in managing the gilt market. The pension funds, it was thought, would only invest in fixed interest stock if they saw a better than even chance that interest rates would fall; so the Bank tended to push rates up ahead of major stock issues and maturities.

As this Duke of York manoeuvre became built into market expectations, it took sharper and sharper moves to impress investors, and rates ratcheted upwards. At the beginning of 1982 the government was paying

nearly 16 per cent for 20-year money. This, it should be remembered, was at a time when inflation was clearly falling.

Last week the Fed was being rubbished for not following the same strategy. Bond analysts wanted a pre-emptive 25 basis point rise in rates ahead of the refunding. When the Fed failed to deliver, it found itself forced to impose, or perhaps simply to tolerate, a 50 point rise in the middle of the operation. This happened at a time when the news, both about inflation and about growth, was unexpectedly good from a bond market point of view. What will happen when the going gets rough?

It could well be worse in New York than it ever was in London. The average life of US Treasury bonds is much shorter than that of British bonds; so the proportion of the US national debt which has to be refunded every year is much larger. Worse, the world dollar overhang is bigger

by a couple of orders of magnitude than the sterling balances ever were. Every refunding puts cash in the market and so is a temptation to foreign investors to switch out of dollars.

The management of refunding, then, is going to be a major problem. With a weak dollar and an obstinate trade deficit, it could be a nightmare. Even if the deficit is cut, and private saving goes on improving, there will still be the problem of appealing to American investors. This is the one the Bank of England solved.

There is another important way in which New York resembles London a decade ago: the market is certain of its supply of new stock, and can easily calculate how big it will be. It can also work out the cash flow of the big investing funds. If the Government's needs looked like straining the cash flow in London, the buyers simply went on strike. These funding crises can-

not happen under the US Treasury auction system, but all that means is that bond yields will rise faster when the market is weak.

What the British government did in 1982 was to diversify. It introduced indexed bonds, whose value is corrected to compensate for inflation. Instead of raising all its funds in the fixed interest market, it could tap a completely new one. Later, it also began to raise large sums in the equity market too, through privatisation.

These innovations put an end to the buyers' market in bonds: nobody knew how much stock would be issued. The result was dramatic. In the six months after indexed stocks became generally available, yields at the long end of the traditional bond market fell by 850 basis points, and this was before Mr Volcker made his big move.

The Bank of England, which had opposed indexed bonds for many years, was delighted, and the American authorities showed a lot of interest. However, despite visits to London by US officials, and subsequent briefings from the British Embassy, Washington seems to have lost interest. This is sad, but not surprising. I should have declared an interest: I was involved in the British campaign for indexed bonds for eight years before it happened, and I know the counter-arguments by heart.

They use basically the same reasoning that the US Treasury uses to knock down the proposal that it should borrow in foreign currencies. To offer investors a guarantee against exchange rate risks, or inflation risks, is a sign of a confession of weakness (and, in the case of currency bonds, a reminder of President Carter). Mr James Baker, the US Treasury Secretary, takes this line,

which is why this note is not addressed to him.

He is wrong. It is a sign of strength, not weakness, when a government offers a guarantee on bonds. These are investor durables, and there are rules about durables. Would you buy a car whose maker refused to guarantee it? The British government offers investors a choice of guarantees: optimists can take the cash guarantee in the fixed interest market, pessimists can have a risk guarantee through inflation. That gets the pessimists out of the bond market.

Washington currently complains about Wall Street's pessimism, so it is simply logical to tackle it head on; and British experience shows that it works. The saving on debt service cannot be calculated precisely, but it is certainly large; and debt interest is the biggest element in the US fiscal deficit now.

Incidentally, the Carter bonds would have shown the Treasury a \$300 profit if the exposure had not been hedged. Who was the wimp: the man who offered insurance, or the man who laid off the risk? The tough man is not the one who talks tough, but the one who acts confident; or, as they say in Glasgow, talk soft and wear a large hat.

Paul Craig Roberts

I owe Mr Paul Craig Roberts an extensive apology. Since he is the most prolific and aggressive exponent of supply-side economics, I have been a devoted follower of his speeches and writings for many years. Last week, I made the mistake of writing about his views purely from memory. Evidently my memory has been playing tricks: Mr Roberts says that he has nowhere expressed the views I attributed to him at a London conference in 1981, at which it turns out he was not even present. I naturally accept his word for it, and withdraw unreservedly the misdirected jokes I made at his expense.

INTERVIEW

Speaking up for basic democracy

David Dodwell talks to Martin Lee, member of the committee drafting Hong Kong's Basic Law

THERE ARE many in Hong Kong who would dearly love to cast Martin Lee as a modern-day Cavalier - a role which one irreverent history book described as "wrong but romantic".

His swashbuckling political style - and uncompromising commitment to democratic reform - has antagonised, sometimes even infuriated, the British colony's political and commercial establishment. At the same time it has won him thousands of admirers overseas and a huge silent following at home, although it has achieved almost nothing in concrete terms.

Indeed, some would say that instead of accurately articulating the fears and uncertainties of a community that will come under communist Chinese rule in nine years time, he is actually creating and incubating them.

In less than three years, this British-trained barrister has emerged from total obscurity to become perhaps the best-known political personality in Hong Kong. A combination of proselytising zeal, robust disregard for the genteel conventions of Hong Kong's Legislative Council chamber and seemingly inexhaustible energy have set him apart. He has earned the reputation of a working man's hero in some quarters and that of a dangerously destabilising menace in others.

The fact that he makes enemies through his outspokenness does not appear to concern him. "After trying rather painfully and in vain to please everybody when I was a schoolboy," he comments, "I realised that if I could not please everyone, then at least I should try to do what is right."

Unhappily for Hong Kong's establishment - which would like to dismiss him as a congenial malcontent, brimming with moral indignation and championing causes that no one backs but himself - it has become clear over the last three years that he has strong support not just from democrats in Westminster or the

PERSONAL FILE

1938: Born Hong Kong
1960: B.A. Honours from Hong Kong University
1962: Called to the Bar, Lincoln's Inn, London
1980-83: Chairman of HK Bar Association
1985: Elected to Legislative Council as functional constituency representative for legal profession
1988: Appointed by Peking as a member of the Basic Law Drafting Committee

US Congress, but from a community that Hong Kong can little afford to alienate. This is the articulate, educated, professional middle class, who are fundamental to future stability and prosperity.

To talk of alienation may appear alarmist, but as public concern mounts over the quickening pace of emigration in the run up to 1997, the date when China regains sovereignty over

the British colony, it certainly cannot be dismissed.

"I don't want people to go away," says Mr Lee. "But what right have I to persuade them to stay? If things didn't work out, they would blame me for the rest of their lives. I tell them I intend to stay, and leave the rest to their personal judgement."

What he says is enormously influential. Recent surveys in the respected Chinese language newspaper, the Economic Journal, showed that he was more of a household name than any other political figure in the territory - even better known than long-serving leaders like Lydia Dunn, Sir S.Y. Chung, Selina Chow and Maria Tam. He also attracted more Hong Kong press attention in 1987 than any other local personality, with the exception of Sir David Wilson, the territory's Governor.

At the same time he is one of Hong Kong's best-known names overseas because of his success in lobbying support for democratic reform in the territory during recent highly publicised visits to the UK and the US.

The paradox is that at home his record is a list of lost causes - not least among them his failure to halt construction of a nuclear power plant in China near Hong Kong's border, and the recent failure to persuade the Hong Kong Government to intro-

duce direct elections to the territory's Legislative Council this year.

What Mr Lee lacks in terms of practical successes, however, he undoubtedly makes up for in terms of political impact in Hong Kong. In a community where the Chinese traditions of personal dignity and respect for authority provide fertile soil for political styles considered nostril in the west, Mr Lee has outraged as many as he has impressed. He has spared no one - not even the Governor - from tongue-lashings when he believes he is right.

"A lot of people in Hong Kong are refusing to speak what their hearts feel - particularly those occupying positions of influence. Their attitude is to follow the old Chinese saying 'Bow your head, make money, and go,'" he says, "but they are doing a great disservice to Hong Kong. We owe it to the public to speak the truth."

For Mr Lee, this truth is that 70 per cent of Hong Kong's population have fled communism on the Chinese mainland and need the buffer of democracy if they are to remain confident in the future of Hong Kong once Peking regains sovereignty in 1997. From the vantage point of his seat on the Peking-appointed committee that is drafting Hong Kong's post-1997 constitution, the Basic Law, Mr Lee is convinced that the practical concessions Peking has granted to implement its pledge of "a high degree of autonomy" for Hong Kong after 1997 go nowhere near far enough. Needless to say, his views are more often found in dissident annexes to the Basic Law draft than they are in the draft itself, but there is no doubt that he has become as much a thorn in the side of Hong Kong's future sovereign power as in that of the current British colonial regime.

Quite why Martin Lee was ever invited to sit on the Basic Law committee is unclear. As the son of a one-time Kuomintang General and a lifelong Catholic, his anti-communist pedigree is strong. "I am Chinese, and I love China, but not communism," he says. "With Deng Xiaoping's promise of 'one country two systems,' and the granting of a high degree of autonomy for Hong Kong, then there is a future here - so long as we fight very hard for a democratic system



Hongkong Link, a Catholic group connected with Hong Kong's large Catholic student community in the UK, provided widespread student support for his democratic cause.

His populist appeal has alarmed both Peking and the Hong Kong's British colonial government. It has also caused agitation in the business community - dominated by the desire not to rock the boat - which is so powerfully represented at the highest level of government in the territory.

Mr Lee has ridden roughshod over his conventions of consensus politics - taking to the scorcher at political rallies, organising signature campaigns, and taking his campaign overseas when support inside the territory's main law-making body, the Legislative Council, failed to materialise.

"I knew how hopeless it would be if I continued the fight in Hong Kong alone. There was no way I could succeed without international pressure, particularly on businessmen," he comments. "If you believe in a cause, then you have to do your best to achieve it. You can't support democracy only in half measures."

If his list of failures are supposed to provide proof that he is wrong as well as romantic, then Martin Lee has not yet noticed it. "In the Legislative Council, the Government continues to win, but these are pyrrhic victories, because all the while it is losing credibility with the people it governs."

Not surprisingly, the Government's refusal to introduce direct elections to the Legislative Council in September this year was a blow to Martin Lee. "Convinced that in the absence of direct elections no one on the existing council can claim to represent the Hong Kong people, he intended to stand for direct election. This was despite the solid support of the legal profession, who voted him into office in September 1985, and the existing system of indirect election to the Council."

The Government's decision means Mr Lee must wait until 1991, when a meagre 10 seats will be filled by means of direct election. Whether he will then be the same potent political force is an open question. "There is a lot of pressure from all sides - pressure to isolate me. But I can't afford to take much notice. As far as I'm concerned, I have been elected into office for three years, and I have to achieve as much as I can in the time available."

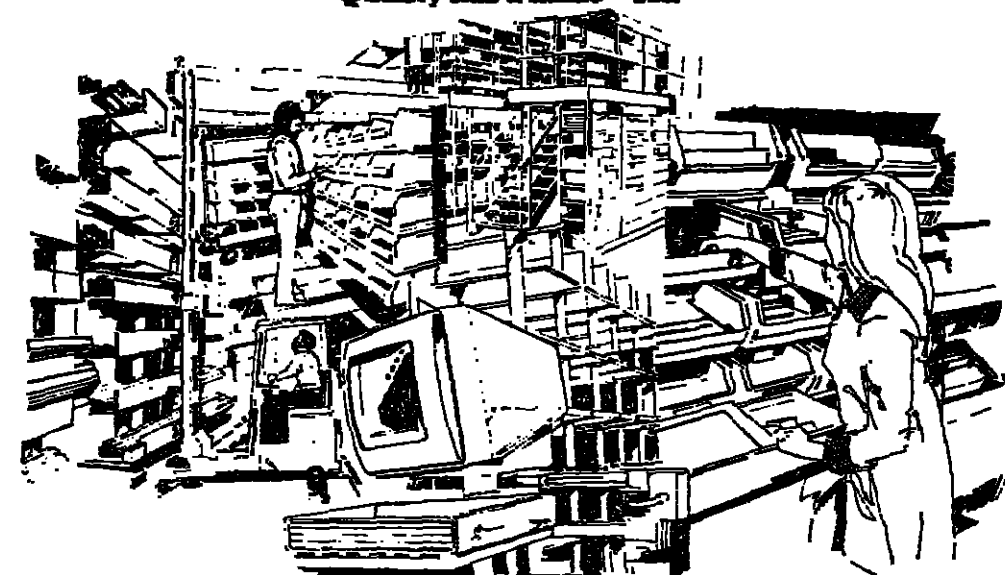
"I know that by doing my best, the whole thing still might fail. But if you don't do your best, it surely will fail anyway. At least I can say I tried."

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Press freedom and Singapore

NEWSPAPER proprietors and their editors have been paying attention recently to a court case taking place in Singapore which touches sensitively on the control of the foreign press in English-speaking territories of the Third World. For three days last week Mr Justice Sinnathuray heard an application by the Asian Wall Street Journal challenging a decision made in February 1987 by the Minister of Communications and Information restricting the daily sale and distribution of the journal to 400 copies. The judge will give his judgment today.

Other such territories have been waiting anxiously to see whether the challenge by the Asian Wall Street Journal fails. The fear is that they will certainly follow suit if the Singapore Government manages to curb foreign reporting which bores without intervention from the courts. On the other hand, a victory for the Asian Wall Street Journal will greatly assist the advocates of press freedom in those territories where the local media is either insufficiently independent or actually under government control.

The Asian Wall Street case stems from a lengthy period of uneasy relations between the journal and the Singapore government. Since 1981 the journal

has been granted annually a licence to publish in Singapore so long as editorial control remains in Hong Kong, from where the paper is managed and operated.

Over the years the journal has been a constant critic of the financial and other institutions of the Singapore Government. And it has been particularly outspoken about the legal process used to disqualify the one opposition MP in the parliament (a second MP from the Workers' Party retains his seat). The journal has been constantly attacked by government spokesmen, but it has always published letters of reply.

On December 12 1987 the journal published a report on the establishment of a second securities exchange market. It was highly sceptical about the need for the market and suggested the Government had doubtful motives. The Government described the article as containing an insidious message to the reading public of Singapore that was calculated to lower the esteem of the Government in the public's eyes. An employee of the Monetary Authority of Singapore promptly wrote a letter complaining of errors, omissions and misrepresentations of fact in the report. He also attacked the author personally for biased reporting.

Stung by the attack on one of its reporters, the journal's editor declined to publish the Government's views unless the imputations of biased reporting were removed. The editor did not - as he could have done - publish the letter suitably doctored. Instead he stood his ground, almost welcoming the confrontation which duly came in the form of the restriction order.

In August 1988 the Singapore Government passed an amendment to its Newspapers and Printing Presses Act 1974, a perfectly normal piece of legislation providing for the licensing and registering of newspapers. The amendment was designed to empower the minister to take action if he declared a foreign publication was "engaging in the domestic politics of Singapore."

The court case turned on that phrase. The Attorney General, who appeared personally to argue the Government's case, was insistent that the courts had no power to review the minister's decision which was exercised exclusively on political grounds. As such, the minister was accountable to parliament and never to the courts, unless he acted perversely or in bad faith.

The journal did suggest that the minister's decision was perverse, in that no right-minded

minister could conceivably think that a refusal by an editor to publish a letter from a government source could be engaging in Singapore's domestic politics. It would be bizarre to suggest that an official refutation of a newspaper article would, if published, be regarded as disavowal from debate on political issues.

The journal also argued that the minister had acted in bad faith. When the minister made his decision in February 1987 restricting the journal's sale, he was at pains, in a press release and in correspondence with objectors in the international press world, to say that the failure of the journal to accord a right of reply to the Government had been the exclusive ground for his decision. So insistent was the Government's stance on this aspect of press activity that it published a document on its exchange of letters with the journal, called "the right to be heard."

But before the case came to trial, the minister tailored his reasoning. He listed a series of articles that had appeared in the journal in 1986 and 1987 which, he claimed, indicated a past record of thoroughly irresponsible journalism that had the effect

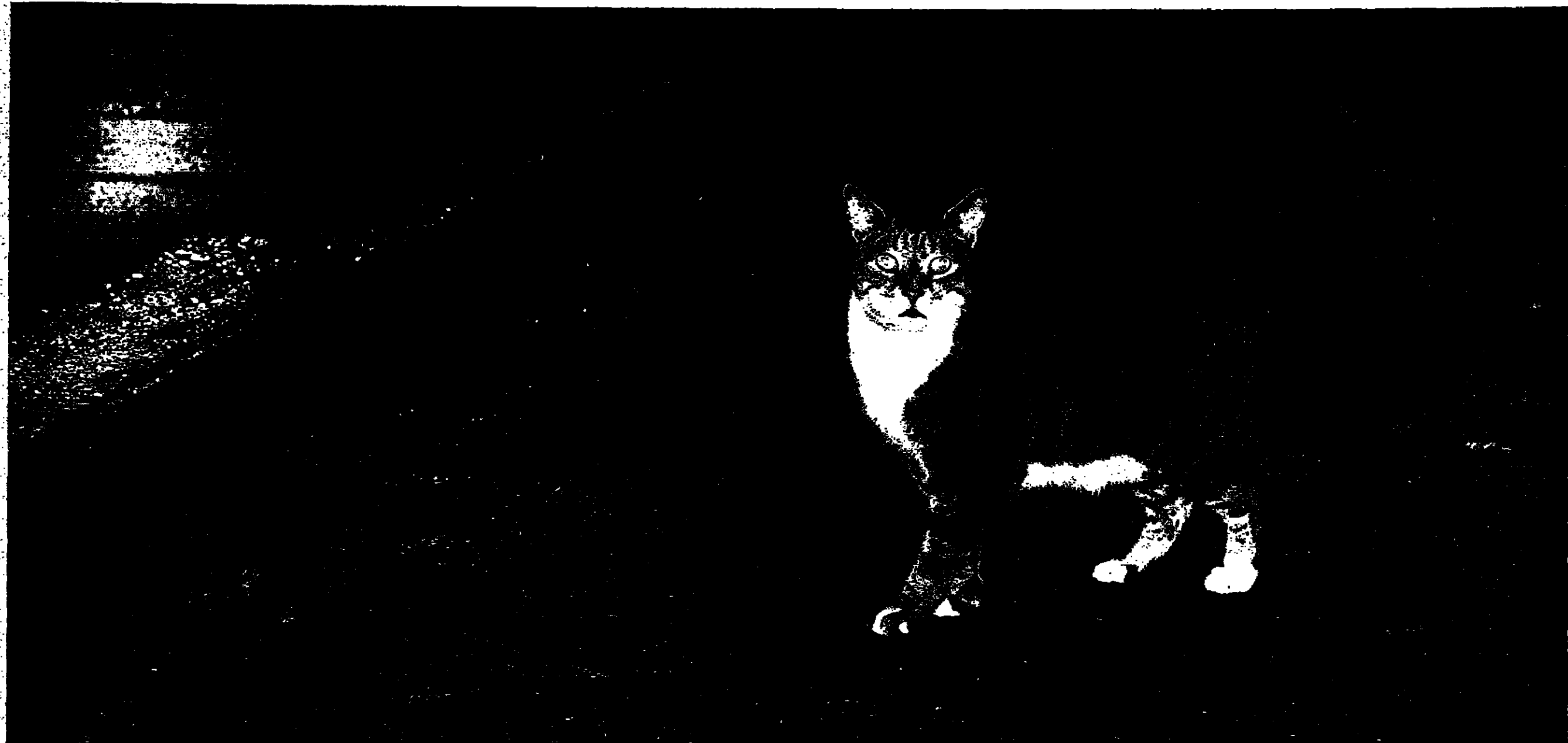


JUSTINIAN

of influencing public opinion against the Government. The assertion was that any responsible minister was bound to take seriously the impact on the public of such press hostility, based on inaccurate reporting.

What is peculiar about the Singapore Government's action is its unwillingness to exercise its complete discretion about whether or not to license publication of the journal - in fact it reviewed the licence for a further year in April 1987 - and on the other hand to seek control over the journal by way of a law that offends the basic ingredients of press freedom guaranteed under the constitution. This attitude sits uneasily with the definition of a newspaper in the law as an organ of reporting and commenting on any event except "by or on behalf of the Government."

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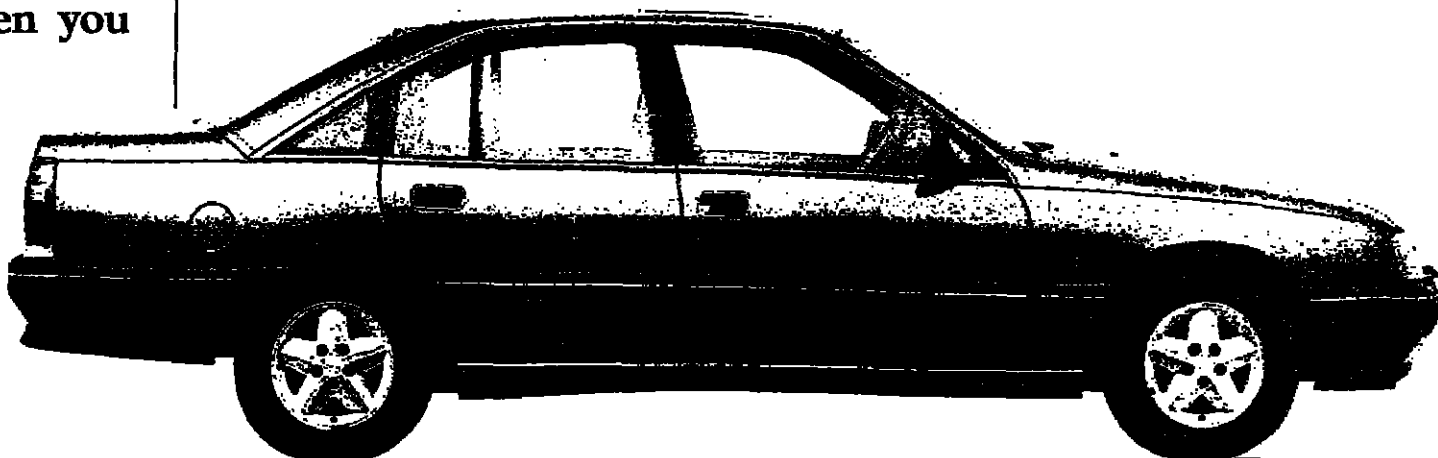
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STORA

STORA DECLARES THE OFFER TO THE OWNERS OF SWEDISH MATCH UNCONDITIONAL

STORA's offer to the shareholders and holders of subordinated convertible debentures in Swedish Match AB has been accepted to the extent that the shares now owned by STORA represent 82.5 per cent. of the shares and 97.6 per cent. of the total number of votes in Swedish Match.

STORA regards the prospects of acquiring 90 per cent. of the number of shares in due course as very good and has, therefore, declared the offer unconditional.

In order to provide the shareholders who still have not had the opportunity of accepting the offer with a possibility to do so, STORA has decided to extend the offer period until June 3, 1988. Correspondingly, the offer period for the holders of subordinated convertible debentures is extended until June 17, 1988.

For those who have accepted the offer during the original offer period, payment will be made on or around May 27, 1988. For those who accept the offer during the extended offer period, payment will be made from the beginning of June 1988.

Falun, May 16th, 1988
STORA KOPPARBERGS BERGSLAGS AB

CONSTRUCTION CONTRACTS

Better harbours in Bahamas

BALFOUR BEATTY, through its Canadian subsidiary, has been awarded a contract worth about US\$50m, for the design and construction of improvements and expansion work to harbours in the Bahamas. The contract period is 24 months, and preliminary work has started.

The major element comprises the deepening and provision of four additional cruise liner berths in Nassau Harbour, together with onshore improvements to the foreshore to provide new promenades and plazas and improved Port Authority head-quarters.

When completed, Nassau Harbour will be able to accommodate the largest cruise ships, such as the "Norway" and "Queen". Other elements of the work include improvements to berthing facilities at Fotters Cay, New Providence; Governor's Harbour, Eleuthera; Morgan's Bluff, North Andros; and George Town, Exuma.

Over 1 million cu yd of limestone will be dredged from the approach channel and harbour basin at Nassau by cutter suction dredgers and the new berths will be formed between substantial sheet piled walls.

The design is being sub-contracted to Stevenson and Hinchman in Toronto with Rendel Palmer and Triton acting as marine consultants to the Ministry of Works and Utilities on behalf of the client, the Ministry of Transport.

The award follows over two years of negotiation with the client and with the Crystal Palace Hotel contract, this award brings the total value of Balfour Beatty work in the Bahamas to approaching \$200m.

Transmission headquarters for BBC in Warwick

Projects worth about \$7m have been awarded to TARMAC CONSTRUCTION. The largest, at about \$5m, is for designing and building transmission headquarters offices at Warwick for the BBC.

Other schemes include a \$3.5m contract for designing and building a four-storey block at Liverpool, for National Car Parks; a \$2.7m contract for reconstructing about seven kilometres of the London-bound carriageway of the M2, near Slough, for Kent County Council; and a \$2m contract for building a store at St. Austell, Cornwall, for B and Q.

Other contracts include shops and offices at Bicester, Oxfordshire, for Thorbourne Retail Parks (£1.4m); and estate roads and drainage at Hamble, Hampshire, for Hamble Developments (£286,000).

Several contracts have also been awarded to the company's contract housing division which specialises in building, refurbishing and modernising public sector housing.

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Three office block schemes for Horton

HORTON CONSTRUCTION, Southampton, part of the Leading Leisure group, has won contracts worth more than \$7m.

Orders include a \$1.5m office campus development at Portsmouth, in the heart of the commercial area. St. Andrews Court is a development of seven self-contained offices totalling 26,000 sq ft awarded as a negotiated contract by Durrigant Developments. Winchester, it shares a name with another Horton's project, the construction of 12 office units totalling 35,000 sq ft in Crawley. This St. Andrews Court development, for Scottish Metropolitan Property, and London Orbital Development, is worth \$1.5m.

The company has won a stake in the creation of a new shopping centre at Eastleigh, Hampshire. Working with management contractor Kyle Stewart Management, Horton has been awarded a \$1.7m brickwork package.

At Fareham, the company is working on a \$400,000 contract to refurbish a residential computer training centre for Prolog Computers. In Portsmouth a negotiated contract to design and build an office block and refurbish the Majestic Snooker Hall has been awarded by client Barry Zee.

New work includes a \$300,000 contract to carry out refurbishment at Pottins holiday centre, Plover Bay, Jersey, and 12 cottages at Wimborne.

In Cambridge

BATTEE & KETT, Cambridge, East Anglian division of Mowlem Regional Construction, has been awarded contracts worth \$2m.

The seven new jobs include two on the Cambridge Science Park, the second phase of Twyford Plant Laboratories and a group of high-tech research units.

Other contracts won on tender are a \$3m-plus accommodation block at RAF Mildenhall, Suffolk, and a \$1.4m office and residential development in Bateman Street, Cambridge, for Trinity Hall.

Wide range of work for Kier

KIER, contracting division of Beazer, has been awarded contracts in London worth over \$22m.

These include construction of an office and residential development in Park Lane (\$5.2m) for City Commercial Real Estate Investments; a ward block (\$2.8m) at the King Edward VII Hospital for Officers; refurbishment of Mullard House, London W1, (\$3m) for Philips Electronics; an office block in London EC1 (\$2.4m) for Norwich Union; and a structural refurbishment contract at the Barbican (\$2.4m) for the Corporation of London.

Work has begun on the restoration of St. Olaf's House, SE1, one of London's finest art deco buildings (\$5.6m) for the St. Martins Property Corporation.

A sister company, Kier Moss, based in Cheltenham, has been awarded three contracts with a combined value of nearly \$7m. The largest is for a headquarters building for UCCA (University Central Council on Admissions) on the St James site in Cheltenham (\$3m). The traditional five-storey building has a pitched roof and reconstructed sandstone elevations. Work has started and is scheduled for completion by May 1989.

At Barnwood, Gloucester, Kier Moss has begun work on a design and build contract for a conference centre for the CEBG (£2.1m), and at Tewkesbury work has begun on three production units on the Ashchurch Business Centre (£1.42m) for Jernyn Properties.

Other recent awards include refurbishment of the staff restaurant at Burmah Oil's Swindon headquarters (£500,000) and a maintenance contract for British Telecom in the North Severn area (£200,000).

£25m orders for Douglas

Contracts worth over £25m have been awarded to E M DOUGLAS CONSTRUCTION. The largest is a \$5.5m order for a high-tech office development at Croxley near Watford for Standard Life Assurance Co. The scheme will comprise 26 office units with a two-level car deck and soft and hard landscaping. A feature is an internal courtyard with a balcony at the first floor level.

The building will have a precast frame, brick-clad, with a mono-pitch slated roof, with Troc-decking. Preliminary work has started and the contract is for 45 weeks.

A \$5.6m design and build contract for a 23,510 sq metres food distribution depot at Didcot, Oxfordshire, has been awarded by NTC Properties. In addition to the depot, there will be 2,500 sq metres of offices and 4,300 sq metres of car parking space, with a further \$1,400 sq metres hard-standing for lorries. Construction will be completed by May 1989.

In Surrey, Douglas has been given a \$5.3m contract by the London Borough of Sutton to build a multi-storey car park in Camdens Road, adjacent to the Civic Offices. With space for 950 cars, the car park will have an in situ concrete frame and be brick clad. Work will begin in August and last for 80 weeks.

A \$3.2m office development for the Leeds Permanent Building Society at Pudsey has also been won by Douglas. The three-storey scheme which Leeds Permanent will occupy for its own staff, will be steel-framed, brick clad and with a slate mansard roof. Double-glazed, with raised floors, suspended ceilings and lifts, the building will be completed by May next year.

This month Douglas will start work on a \$3.7m contract for the British Coal Corporation to build an 80m high insitu reinforced concrete shaft winder tower at the Harworth Colliery at Doncaster. With construction scheduled to last 56 weeks, the tower is to be built using a slipform technique.

The company has started work in Oakdale, Gwent, on a \$1.4m extension to the Alwa production factory. Awarded by the Welsh Development Agency, the development will include associated offices and external works.

Work will start in May on a \$740,000 contract for a new McDonald's Freestander Restaurant, to be built in Cribbs Causeway, Bristol. Construction will take 21 weeks to complete.

Office projects in London

McLAUGHLIN & HARVEY has been awarded orders worth a total of \$14m.

Work is to commence shortly on a \$5.6m office development at Swan House, Queen Street, London EC4 for Legal & General Assurance (Pension Management). Contract period is 75 weeks.

Construction of an office building has started at 14/15 Pentonville Road, London, NI for the New River Company, part of London Merchant Securities, valued at \$2.9m, with completion in 70 weeks.

Work has started on two office redevelopment schemes. The first is for Roy Properties at 23/30 Leman Street, London, worth about \$2m, with completion in 62 weeks. The second scheme is for Central and City Investments at 2 Bahamas Street, London, valued at \$1.6m, with completion in 46 weeks.

An extension and alterations project for the Prudential Assurance Co. at 52/54 Lime Street, London, is valued at \$500,000, and work is due for completion in 26 weeks.

Seven-storey block for Capital & Counties

BALFOUR BEATTY BUILDING has been awarded a \$7.7m design-and-build contract to construct an air-conditioned office building for Capital & Counties.

The building, at Mansell Street in the City of London, is a seven-storey office block with atrium. It will have a steel frame, clad with curtain walling.

The 6,000 sq metre project will commence on site in July.

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Malcolm Ferguson (left), Royal Trust Bank, Melvyn Byrne and Tommy McNicholas (right) of McNicholas Construction (Holdings) Limited at the site of a cabling contract in London's Docklands.



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Public Notices

INSOLVENCY ACT 1986 (NOTICE OF MEETING)
(IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 96 of the Insolvency Act 1986, that a Meeting of the Creditors of the above-named Company will be held at THE HERALD THEATRE, PUZZLE DOCK, LONDON EC4A on the 22nd day of JUNE 1988, at 3.00pm, for the purposes mentioned in Sections 100 and 101 of the said Act, that is,

1. The nomination of a Liquidator
2. The appointment of a Liquidation Committee

Proxies for the meeting must be lodged, accompanied by statements of claim, at the Registered Office of the Company, situated at Booth, White & Co., 1 Watlington Place, Carter Lane, St. Pauls, London, EC4V 3AU not later than 4 p.m. on the 21st day of JUNE 1988.

Notice is also hereby given, pursuant to Section 96(2) of the Insolvency Act 1986, that BRIAN MALLS of Booth, White & Co., 1 Watlington Place, Carter Lane, St. Pauls, London, EC4V 3AU is qualified to act as an insolvency practitioner in relation to the above Company and will assist Creditors free of charge with such information concerning the above Company's affairs as they may reasonably require.

Dated this 4th day of May 1988
By order of the Board

SOUTHERN FRANCE AND THE RIVIERA

The Financial Times proposes to publish this survey on

6th June 1988

For a full editorial synopsis and advertisement details, please contact:

Patricia Savidge
on 01-248 2000 ext 3426

or write to her at:

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("Gencor")



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(Incorporated in the Republic of South Africa)
(Registration number 68/0190/00)

("Oryx")

Results of the rights offer by Gencor of Oryx Gold Holdings Limited ordinary shares

Central Merchant Bank Limited and Standard Merchant Bank Limited are authorised to announce that the shareholders and debentureholders of Gencor and Fedmyn and/or their nominees applied for 5,600,169 ordinary shares of no par value in the share capital of Oryx at 800 cents per share when the postal acceptances closed on 11 May 1988. Applications represent 95.3 per cent of shareholders and debentureholders entitlement. The remaining 277,609 ordinary shares of no par value in the share capital of Oryx have been taken up by Gencor as underwriter to the rights offer.

Share certificates will be posted by Wednesday, 18 May 1988.

Johannesburg
16 May 1988

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Notice is hereby given that the Rate of Interest has been fixed at 8% p.a. and that the interest payable on the relevant Interest Payment Date, November 16, 1988, against Coupon No. 6 in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$40,000.00 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$10,222.22.

May 16, 1988, London
By: Citibank, N.A. (CitiSec Dept.), Agent Bank

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General Electric of the US

Life under Jack Welch: opportunistic and tough

Christopher Lorenz examines the organisational revolution wrought by the US multinational's controversial chairman

GEORGE VARGA used to play inside the board for one of Hungary's top soccer clubs, Ferencváros. A frequent opponent was that legendary wizard with the ball, Ferenc Puskas. The experience gave Varga extraordinary stamina and an unusual ability to think and act quickly.

Varga has honed those qualities ever since he emigrated to the US 30 years ago and went into business. Nowadays he needs them more than ever. For he is a member of one of the most tightly-strung teams in the world today: Jack Welch's crack troops at General Electric.

Under the controversial Welch, GE has been shaken to its core, mercilessly stripped back, and remoulded. From an industrial empire of over 40 businesses, mostly in related areas of electrical engineering and electronics, it has been turned by opportunistic acquisition and vicious pruning (mainly of manufacturing units) into a conglomerate-like collection of 18 generally larger businesses, ranging from aero engines and factory automation to financial services and television stations. Only 14 of the businesses are defined as "key" - the future of some of the others, including the semiconductor and computer-aided design units acquired seven years ago, is far from certain.

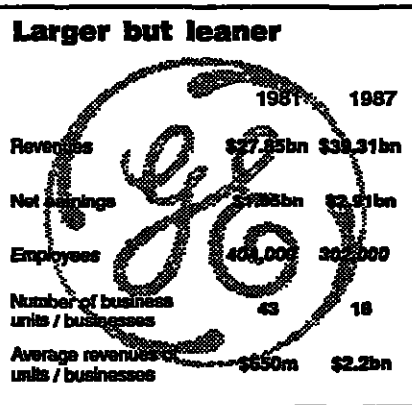
GE's management style and structure has changed even more dramatically than its business portfolio. From being a staid organisation noted for complex strategic planning, and carefully-laid actions, it has been weaned into a much leaner and more aggressive form.

IN HIS more polite moments Tom Peters calls it "management by fear", and predicts executive burnout followed by corporate disaster. Jack Welch's style at General Electric is certainly tough and ruthless. But has life under his chairmanship become as unpleasant as Peters, the outspoken co-author of "In Search of Excellence", claims? And is he right that Welch's way of doing things will eventually torpedo the company, having destroyed many hapless executives in the process? Even if this Armageddon fails to arrive, does GE's new management style depend totally on one man?

Welch's generals and lieutenants differ somewhat in their response to Peters' allegations of fear. But they share much the same view of their leader's indispensability.

Vincenzo Morelli, chief executive of General Electric-CGR, GE's medical systems business in Europe, says that "just because Welch is such an intelligent and fearsome character doesn't mean it's management by fear. But he does scare a lot of people - even good ones."

George Varga of European plastics, who has been with GE for 25 years compared with Morelli's five, says "that stuff about management by fear is nonsense - except for people who have something to fear." But then he adds revealingly that "fear is part of any employer-employee relationship - that's normal. You have to be very competent here." The boss of an equally successful GE operation in the US admits that the word "fear" could only apply to the managers of these businesses which Welch in 1983 lined up publicly for possible sale (several have since been divested), but he says: "I look on it more as realism."



Without Welch, says Morelli, "we'd have to put in a whole bunch more systems, with a more pro-active central staff and more precise and complex procedures. We'd make his synthetic and organizational ability."



Jack Welch: Just because he's an "intelligent and fearsome character" doesn't mean it's management by fear, says a colleague

transformed the nature of communication at all levels, horizontally as well as vertically; one by-product has been more co-ordination between businesses.

In advance of Welch's flattening of the corporate hierarchy through the dismantling of sectors, an even more vigorous "delayering" (to use the GE jargon) had been carried out within most of the businesses. Though some had always been lean, with only four levels of management in most functions, others had as many as 10, in the case of locomotives (now part of the transportation systems business), the number was slashed back from nine to five. In addition, quite a number of jobs have been eliminated through "horizontal delayering": combining two roles into one (such as finance with administration, and engineering with production).

At the same time, Peiffer says a push has been under way to "broaden the span" of people reporting to a manager from sometimes under five to an average of as many as 12 - a target which is well above the number viewed as desirable by most companies; as many as 18 is not unusual in some parts of GE.

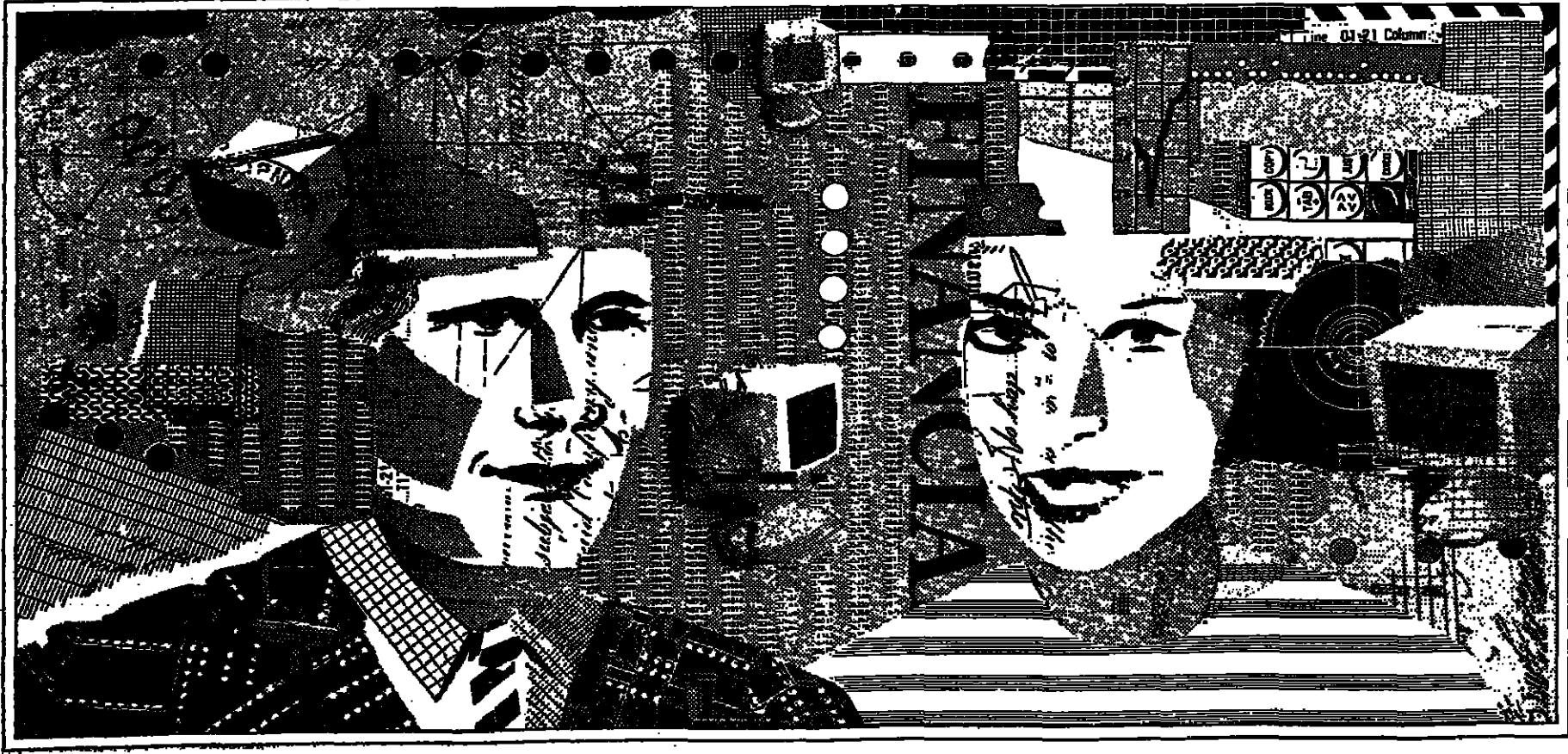
In European structured plastics, George Varga has seven direct reports, while two levels above him the US-based boss of GE's 5.5bn worldwide plastics and materials business has a dozen. This is partly a by-product of the fact that the business has grown fivefold over the past decade without the addition of any extra management layers.

When it comes to the consultative process of setting strategy, and then communicating it, the top manager of one of GE's businesses is expected to keep in touch with as many as 300 of his people, down to three levels below him.

For a busy executive in charge of an international business such as plastics, that is a very tall order indeed. Among many other pressures, it requires him or her to run a punishing travel schedule, work extremely long hours, and possess a brilliant memory for first names.

Whether at that level or at Varga's, GE executives are now working at much greater stretch than ever before - those who have survived the Welch regime, that is. As Paolo Fresco, senior vice-president for international operations, puts it: "GE's culture has changed dramatically. We've moved from incrementalism to radical change, from consensus to conviction, from politeness to honesty, and from niceness to performance."

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APPOINTMENTS

Swiss bank re-assigns top executives in London units

UNION BANK OF SWITZERLAND has restructured its London units in preparation for the merger of Phillips & Drew and Union Bank of Switzerland (Securities), and the move to Broadgate. From August 15 Mr Rudolf Mueller, executive vice president UK, in addition to his regional duties, becomes chief executive officer of Phillips & Drew and of Union Bank of Switzerland (Securities). This coincides with the retirement from executive duties of Mr Bryce

Cottrell, who will remain chairman until the companies have formally merged, and with the appointment of Mr Armin Mattle as head of the capital market financing department at head office in Zurich. In the new joint company Mr Mueller will be chairman and chief executive officer. Mr John Lewis, head of bond division, Phillips & Drew, becomes vice chairman, bonds; Mr Nicholas Ryan, managing director of secondary market activities at UPS (Securities),

becomes managing director and deputy head of division. Dr Paul Neild becomes vice chairman, equities, in the new company. Mr Stephen Brisby becomes vice chairman, corporate finance. From June 1 he will be managing director of primary market activities at UBS (Securities).

Mr Martin Meech has been appointed property director of HALFORDS, a member of the Ward White Group.

Hardware group picks president

THE BRITISH HARDWARE FEDERATION has chosen Mr Hugh A. Gibb Stuart to be its next national president.

Mr Martin R. Bradley joins HOTWORK INTERNATIONAL as group financial director from Peat Marwick McLintock where he was a senior manager. Mr Peter Tarrant has been appointed managing director of Hotwork Development.

Chairman for Sand & Gravel Association

A NATIONAL chairman has been chosen at the SAND & GRAVEL ASSOCIATION. He is Mr J.S. Ormsby, who succeeds Mr Terence Higgins, who in turn has become president.

Mr D.J. Lavers has been appointed a director of GERARD & NATIONAL SECURITIES.

ROYAL TRUST BANK has made the following promotions: Mr Michael Townsley to divisional director, commercial lending; Ms Joy Griffiths to divisional director, residential mortgages; Mr Steve Jenkins to senior manager, commercial lending; and Mr

Steve Barlow to senior manager, corporate finance.

THE AUTOMOBILE ASSOCIATION has appointed Mr Bob Sinclair as regional director, Midlands and East Anglia, following the retirement of Mr Tony Ball. Mr Sinclair was assistant regional director, South East.

Mr Richard Barber, editor of TVTimes, has been appointed to the board of INDEPENDENT TELEVISION PUBLICATIONS.

Mr John Brown has been appointed director of ALBANY LIFE's new company representative division, with Mr Nigel

Lister as his deputy. The division will provide financial services support for estate agencies.

Mr Robin Wilson has been appointed chairman of TRAVERS MORGAN. He was a senior partner. Appointed directors are: Mr Keith White (currently president of the Institution of Structural Engineers), Mr Chris Holland, Mr Brian Horne, Mr Mike Crocker, Mr David Taylor, Mr Mike Spragg, Mr Jack Moffett, Mr Robert Rumney, Mr Stephen Hoyle and Mr Piers Brogan.

CRANFIELD INSTITUTE OF TECHNOLOGY has appointed Mr Norman J. Hunter as director of public affairs. He was head of public affairs for British Rail Engineering. Mr David Johnson has been appointed managing director of Cranfield Aeronautical Services. He was production director with Dan Air.

A.T.KEARNEY has appointed Mr Jocelyn Bartland-Swain as director responsible for information management. He was with Ingersoll Engineers.

From July 1 Mr J.M. Gaerlin, managing director of Wavin Industrial Products, has been appointed to the central management (main board) of the WAVIN GROUP in Holland. Mr W.G. Hadfield, sales director, becomes managing director of Wavin Industrial Products. He is succeeded as sales director by Mr J. Mitchell, business manager of subsidiary Wavin Cel, a post he retains.

Mr Thomas Stephen Corrigan has been re-appointed chairman of the POST OFFICE USERS NATIONAL COUNCIL until March 31, 1992.

Mr D.O. Kinloch, Mr E.J.E. Muir and Mr D. Farley have been appointed directors of ANGLO AMERICAN AGRICULTURE. Mr Kinloch is a director of Caledonia Investments, with 16.02 per cent of the ordinary share capital. Mr Muir is a director of James Finlay, with 12.5 per cent. Mr Farley is chief executive of Colly Farms Cotton.

Mr Brian Neale, finance director of Carless Exploration, has been appointed finance director of CARLESS, CAPEL & LEONARD in succession to Mr Nicholas

Marion Taylor who is leaving to pursue other interests.

HAMBROS BANK has appointed the following directors: Mr J.C. Cowell, Mr N.E. Crutchley, Mr D.H. Fitcher, Mr P.J. Goody, Mr R.A. Goodwin, Mr C.E. Hamra, Mr J.D. Hicks, Mr A.W. Mansel, Mr A. Parry and Mr N.H. South-Savory.

Mr Richard Noble, managing director of Routh-Gunther, has been appointed chairman of the CONFEDERATION OF CONSTRUCTION SPECIALISTS.

Mr Robert Guy has been appointed chairman of THE LONDON BULLION MARKET ASSOCIATION.

Mr Brian Burwash has been appointed company secretary of CORE STREET SECURITIES, and Mr Paul Buchanan-Barrow has been appointed managing director of Goddard Key Rogers & Associates, a subsidiary.

Mr Keith Ashworth-Lord has been appointed a director of Manchester-based stockbrokers HENRY COOKE LUMSDEN.

NORWICH AND PETERBOROUGH BUILDING SOCIETY has appointed Mr Terry Bedford as general manager (finance). He was financial controller at Nationwide Anglia Building Society.

Mr Steve Luxton has been appointed director and general manager of TRIDENT CONSERVATORIES, a new company in the N & P Group. He was a director of N & P Windows.

ABBEY LIFE has appointed Mr Christopher Watt as assistant executive director, client services division. He was manager, operations and systems department, home division, Sun Alliance.

Rear-Admiral Robin Hogg has joined the board of OKLEY DEVELOPMENTS COMPANY as a consultant director.

Mr Andrew Young, chief executive of the N.F.U. Mutual & Avon Insurance Group, has become chairman of the MUTUAL INSURANCE COMPANIES ASSOCIATION. Mr R.A. Descom has taken over as secretary.

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1989

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NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of the company will be held at the Peninsula Hotel, Esplanade Road, Singapore 0486 on Wednesday, 26th June, 1988 at 12.00 noon for the following purposes:-

- To receive and adopt the accounts for the year ended 31st December, 1987 and the directors' and auditors' reports thereon;
- To sanction the payment of a final dividend of 1 1/2 cents per share plus 40% Malaysian income tax;
- To re-elect a director;
- To re-elect a director;
- To appoint auditors and to authorize the directors to fix their remuneration;
- To transact any other ordinary business.

By Order of the Board
ANAND SWAMY NAR SIN
RICHARD SIN MUSTAFA
Secretaries

Kuala Lumpur,
Malaysia.
16th May, 1988

NOTES

- A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company but unless he is, then by the provisions of Section 49(1)(b) of the Companies Act, 1965, the proxy must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
- The instrument appointing a proxy must be deposited at the registered office of the company not less than 48 hours before the time set for the meeting.
- There are no contracts of service having an anticipated term of more than one year between any director and the company.

Capitalization	Company	Price	Change	Gross	Yield	P/E
£000's			on week	div (p)	%	
7280	Asi. Sert. Int. Ord.	216d	+4	8.7	4.0	8.1
900	Asi. Sert. Int. Ord.	216d	+4	10.0	4.6	-
9974	BBB Design Group (USM)	48	-1	2.1	4.3	7.7
103757	Borden Group	159	-1	2.7	1.7	27.2
-	Borden Group Corp. Pref.	105	0	6.7	6.7	-
8999	Bray Technologies	140d	0	5.2	3.7	10.2
-	Brennert Industries Plc	106d	+6	11.0	11.0	-
910	CCl Group Ordinary	260	0	11.5	4.7	6.7
1638	CCl Group 11% Conv Pref.	131	-1	14.7	11.2	-
16740	Carborundum Ord.	140d	0	6.1	4.4	9.2
763	Carborundum 7.5% Pref.	109	0	10.3	9.4	-
4133	George Blair	224	+4	3.7	1.7	5.8
7170	HS Group	90	+4	-	-	-
9165	Judson Group	88	0	3.4	1.0	9.7
25888	Maitland H.V. (AmS)	332	-3	10.4	3.1	13.2
428	Robert Jenkins	42	-2	-	-	-
5580	Schwartz	124d	0	5.3	4.4	11.8
6213	Tosley & Carlisle	201	-1	2.7	3.8	7.7
3098	Trevian Holdings (USM)	72	-4	6.7	3.8	7.7
-	Unistrut Europe Corp Pref.	109	0	8.0	7.4	-
6137	W. S. Yates	283	-2	16.2	5.7	7.9

Securities designated (USD) and (USM) are denominated in US dollars and are subject to the rules and regulations of The Stock Exchange. Other securities listed above are denominated in pounds sterling and are subject to the rules of the Stock Exchange.

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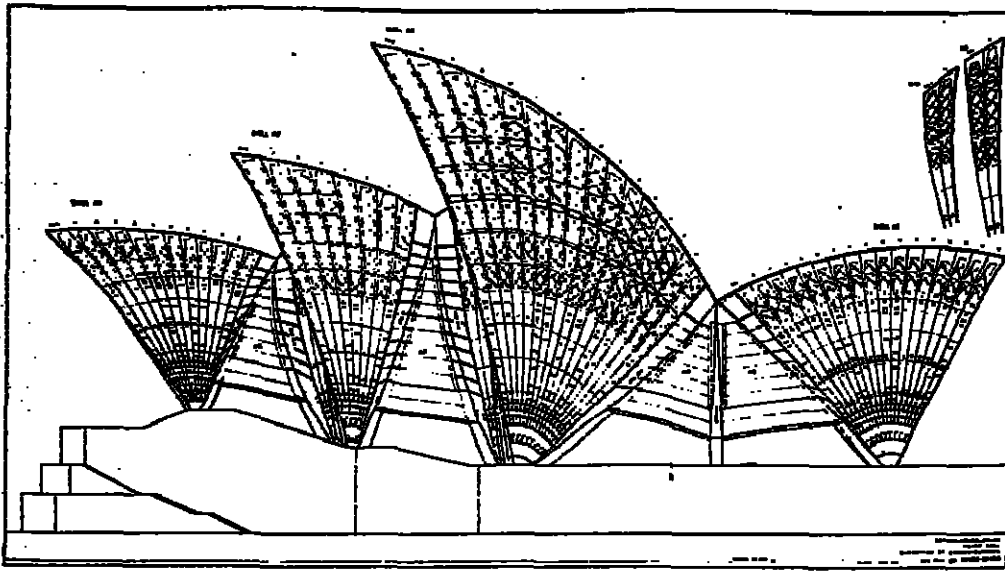
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Architecture/Colin Amery

In remembrance of things past



Ove Arup's design at the Royal Academy for the roof of Sydney Opera House

It is impossible to start any column about architecture this week without a note of mourning. The fire which burned fiercely last Tuesday destroyed much of the interior of one of the most beautiful things in the City of London, Christopher Wren's church of St. Mary-at-Hill, Lovat Lane off Eastcheap.

It's very simple and plain exterior, save no hint of the splendour inside. Wren rebuilt the East end and the interior after the Great Fire (although the old tower and the West end were not rebuilt until much later) and gave this church one of his most interesting plans, based on the Byzantine quincunx. From the ground arrangement of a Greek cross, a central dome rests on four fluted Corinthian columns; around these are the transepts and the East and West ends.

One of the most remarkable things about this church, standing as it does in one of the thickly-conserved streets of the City, was its untouched interior, full of atmosphere and wonderful wood. The high box pews had survived (the only ones to do so, until now, in a Wren church) and above them floated the West Gallery. The pulpit with a sweeping curve of stairs stood before the original reredos, which even in its fire-blackened state has such a strong classical presence. The church was full of good carving, some of it Victorian but so good as to be indistinguishable from the work of Wren's time. Wrought iron sword rests, good hatchments, fine Stuart Royal Arms, and a particularly interesting Resurrection sculpture of about 1600 were left some of the fine contents of this church, the vital that it is restored as soon, and as accurately, as possible, although it will never be possible to recapture its extraordinary atmosphere. John Betjeman wrote a poem about it - rather mocking an imaginary verger with archaeological pretensions - but he saw its beauty and would have been the first to mourn its passing.

At Burlington House the annual artistic rite of the Royal Acad-

emy are under way at the Summer Exhibition. This year the well-filled architecture room is unusually more interesting for the work of the dead than of the living.

Three distinguished Academicians died during the last year: Erno Goldfinger, Maxwell Fry and Sir Ove Arup. Of the three the most important and influential by a long way was Sir Ove Arup, and this small tribute to him by his fellow academicians is touching and important.

Ove Arup was not an architect, but he gave his name to one of the most distinguished architectural practices in Britain. He was born in Newcastle in 1895 and educated in Denmark. He had an unusual curiosity about life and the universe and, not insignificantly, decided to study philosophy before he became a structural engineer. His broad views always helped the achievement of

other designers and architects. The role of the structural engineer has to be selfless one: good collaboration is the key. He put it well himself when he described the reason for the establishment in 1933 of Arup Associates, Architects and Engineers as a separate entity from the consulting engineers: "When engineers and quantity surveyors discuss aesthetics and architects discuss what cranes can do we are on the right road."

At the R.A. he is represented by relatively modest schemes that meant a lot to him. His footbridge spanning the River Wear at Durham between the University and the cathedral is still both daring and elegant. The wooden model of the shells of the roof of the Sydney Opera House is a reminder that only truly simple shapes are beautiful. His chess set gave him a lot of pleasure, and it was right to include

the Snape Maltings, although he was less directly involved there.

The Maltings embody a kind of spare English modernism, that mixture of Scandinavian and Puritan influences which Arup has made especially his own. The bust of Sir Ove Arup (by Diana Brandenburger) looks through its spectacles at the confused field of contemporary architectural design with a puzzled tolerance; it is almost as though he is saying: "Well, one day they will all grow up..."

Maxwell Fry was also a pioneer, even though his work with Gropius, and later with Le Corbusier in India, made him an attendant and disciple of greater geniuses. To look today at his Sun House at Farnham that is in the R.A. makes it hard to understand the difficulties he had at the time. Undoubtedly he was the missionary in England of the

International Modern Movement - he always said that he was in favour of a clean sweep of historical and associational references. And yet his own work was always derivative from the masters of modernism. However, his work in India and West Africa remains important in the annals of British modernism.

The same can indeed be said of Erno Goldfinger who was born in Hungary in 1902 but became a British citizen in 1945. His work here is firmly in the tradition of the Modern Movement - the offices for the Ministry of Health at London's Elephant and Castle and the Trelick Tower in North Kensington are two of the most prominent examples. There is about his work, the salon for Helena Rubinstein of 1927 in particular, an European stylishness not shared by some of his more dogmatic British contemporaries.

The works of the living architects at the R.A. are shown in a crowded and rather muddled fashion. There are plenty of models, but the most clearly shown scheme and this must not be seen as special pleading - is Michael Hopkins's Bracken House proposal.

A visitor from another planet would be hard put to identify any stylistic stability in the architecture room, and it's also a difficult task for architectural critics living on the same sphere. All I will say is that if architecture is in a state of transition and the outcome is uncertain, then you should look at the paintings.

The great value of the modest displays of the work of the three dead academicians is that they do show, whatever we may think of their work or their approach, a clear standard and certainty. This they convey again when the necessary confusion leads, as it will, to development.

Married Love/Wyndham's

Michael Coveney

Peter Luke's tedious biographical drama is something of a protective barrier between the amazing life of the birth-control pioneer Marie Stopes and an audience's enjoyment. A great barrier sheath, you might say. In fact, Mr Luke pulls out all the Stopes in risking no unwanted consequences, such as gaiety, insight or theatrical flash.

Theatrical stodge, yes. The great impression Isadora Duncan made in Munich on the brilliant paleontologist studying there is reflected in the device of a winsome balletic alter ego (Fiona King) who combines the two functions of hinting at depths of animal and poetic sublimity obtrusely beyond Susan Hampshire and of helping her out with her costume changes. The famous 1923 trial in which Marie Stopes initiated proceedings for libel against a fanatical Catholic doctor is staged by director Joan Plowright as a ploddingly butchered transcript of a censored public occasion.

Marie Stopes is so thoroughly documented, chiefly by herself, that a scissors and paste job like this, with no dramatic viewpoint, is entirely superfluous. For an outlandishly insensitive rehash there is Ruth Hall's 1977 biography. Otherwise, I fear we need Ken Russell to do her justice. As

Shaw rightly supposed, she has done more good for women this century, as a practical suffragist, than any convocation of politicians or philosophers.

John Moffatt is on hand to supply a doughtily accommodating GBS even more susceptible to sensible feminine argument than was Ray McAnally in *Best of Friends*. He thinks of Marie as his Saint Joan, Eliza and Mrs Pat rolled into one. The idea of creating dramatic ignition out of the trial scene (in the same year as Shaw's religious, mystical masterpiece) is briefly contemplated and timidly abandoned.

It is sheer padding to have Marie falling in and out with the Japanese botanist Fujii, a married man, in Munich. We know she will never mount Fujii. She remains a virgin even beyond her first marriage (another dud episode) and remained in this unsated state until well after publication of the book which made her world-famous.

Married Love - how unenticing that is as a play-title - belied her sexual inexperience by sensationally, for 1918, proposing that marital problems often stemmed from the ignorance and inactivity of men. It also made pioneering use of physiological terms, otherwise known as "dirty

words." It now reads like D H Lawrence in his most extraneous vein.

It is therefore ironic that Mr Luke chooses only to point a limp accusatory finger at Marie Stopes's own personal shortcomings in love, married or otherwise. He gives her no credit for being an outstanding scientist (in 1905 she was the youngest Doctor of Science in Britain) and only the sparsest acknowledgement of her catalytic social contribution in the clinic she founded in 1921 out of practical, socialist fervour.

Bunny Christie's design of grey classical pillars, dominating picture frame and a large submissive statue, is far too good for the play, or is possibly a design for something else. There is lively quick-change character support from Jennifer Piercy, but Moray Watson as the moralistic doctor and prosecuting counsel has one of his dullest days.

Susan Hampshire is earnest and squeaky, but that is hardly surprising when Mr Luke saddles her with limp anecdotal case histories when she is supposed to be rabble-rousing in the Queen's Hall. That puts, to quote the lingo of the day, a real rubber check pessary on the proceedings.



Susan Hampshire and John Moffatt

Goehr's Triptych/St Marylebone

Max Loppert

The London International Opera Festival, currently in progress, is proving to be a stimulating enterprise - a chain of out-of-the-ordinary opera events that link up to enlarge the conventional image of the medium. The festival's aim was certainly fulfilled by the collaboration with the Royal Academy of Music opera school over two performances of Alexander Goehr's music-theatre Triptych given at St Marylebone Parish Church at the weekend.

The component parts of the Triptych - *Naboth's Vineyard*, *Shadows* and *Sonata* - both from 1970 - are short, gripping pieces, economical and witty thought-provoking in tone; they have proved to be three of the most durable and substantial products from that exciting period, two or three decades ago, when the whole notion of music-theatre was being explored.

Goehr's conception of music-theatre draws on various influences - particularly those of Japanese theatre, Brecht, Hindemith (whose *Kathaklein*, on a Brecht libretto, is the immediate antecedent), Stravinsky (in the terse, lapidary use of chamber forces), and Monteverdi (whose dramatic madrigals supply the terms of reference for the recitative-dominated form). Each of the three pieces operates in a mode of highly stylised drama, in which the juxtaposition of Latin and English texts in *Naboth* makes this the most "distanced" experience of the three. Each of the works proposes, as it were, a main point for discussion and argument: *Naboth* is a parable about greed, *Shadows* a Platonic extract given stage rep-

resentation, *Sonata* a miniature (and richly ironic) miracle-play on the subject of Messianic delusion (an area to which Goehr was to return many years later, for his opera *Behold the Sun*).

What emerges from stagings so bold and theatrically alert as those by the RAM forces directed by Lucy Rohan Bailey is, above all, the musical vividness and richness of these three works. It is as if the very formal constraints that Goehr imposed himself set to encourage the freedom of invention and colour range for which his music is not often noted. The breadth of expressive delineation in *Sonata* (created by contrasting a fervently euphonious female chorus with a dryly detached male narrator) achieves remarkable grandeur in a small space. *Shadows*, play, which in description sounds unpromisingly costly and arcane, is one of the most beautiful of Goehr scores, individual in its sound-world (tinted by alto flute and alto saxophone), full of flickering-light effects and floating textures of graphic suggestion.

It's clear that in the music-theatre medium Goehr found a way of reconciling musical and dramatic aims seldom paralleled in our day: these works seem built to last. The staging, which made a virtue out of limitation, used the same basic box-set in three different formations - and (in spite of some jarring details) each revealed a wit and skill that hit home. All of the student singer-actors were first-rate; the instrumental ensemble was conducted by Nicholas Cleobury (*Naboth* and *Sonata*) and Rupert D'Cruze (*Shadows*).

Russell of The Times/Riverside

Martin Hoyle

William Howard Russell, the first great war correspondent, lived in that distant age when a journalist could topple a cabinet for reasons unconnected with sex, when a Unionist could regard southern Irish sufferings with compassion, and when one could still be a Conservative and a gentleman.

Consistently critical of the imperialist theme, his reports on the Irish famines and the Indian Mutiny still make jolting reading. His account of the Boer War, the Crimean War and the initial rout of the North in the American Civil War aroused the wrath of the establishment on both sides of the Atlantic. His career also took in the Franco-Prussian War, the Commune, a Zulu war, Egypt, and the Prusso-Danish clash over Schleswig-Holstein.

Understandably, the latter is given a discreetly wide berth by James Hayes, actor/director in this one-man lantern lecture, an Educational Touring Project from the National Theatre sponsored by today's descendant of Russell's, the Times. Ireland, India and Abraham Lincoln make up the bulk of the near two hours' (including interval) traffic - or rather standstill - of the stage. Tim Goodwin's excellent study notes are actually more interesting than Mr Hayes's delivery, unvaried except when slightly halting. Against the background of a tent, with folding table and chair and a trunk containing the odd prop like a Panama hat, the actor accomplishes a feat of memory that is dutiful rather than exciting.

London Symphony/Barbican Hall

Richard Fairman

It seems the gates have been thrown open for Soviet musicians to come and find an audience in the West. Since the policy of glasnost was introduced, there has been an ever increasing stream of Soviet visitors, promoting their country's music and at the same time earning some hard currency that will no doubt be welcome when they return home.

At the London Symphony Orchestra's all-Russian concert on Friday both the soloist and conductor were new to London audiences. The violinist Vadim Repin is still in his teens, the winner of the 1982 Wieniawski Competition in Poland and part of a direct line of great Russian

virtuosos; but on this showing it seems improbable that he would have been promoted so hastily to an age when every Soviet expert was thoroughly vetted.

His performance of the Chalkovsky Concerto was the most unmovable I can remember. This was essentially the sort of playing one would expect to hear from a leading student of the conservatoire, who sets about a score determined to show off every facet of what he can do. We heard double-stopped sixths, carefully placed harmonics, rattling fast scales and vibrato-laden long bowing - but of music there was precious little sign. The conductor was Valery Ger-

gely, who at least managed to keep with his soloist in the concerto and may also have shared his views on it, for he returned after the interval to give an account of Rakhmaninov's Second Symphony that was in much the same vein. On a night when the LSO were on top form, this might have been as a "drill-and-spill" performance, but as it was it merely sounded gratuitously noisy and over emotive.

The pair afford a hitherto rare opportunity to sample Soviet musicians in the early part of their careers, and widen our appreciation of the country's musical life. At least these days we can watch them develop.

Perhaps to avoid blunting the impact, Mr Hayes, who also compiled the show, avoids making the reminiscences into a theatrical whole and the result is disjointed. Even in the chosen material there are surprising gaps - no mention of Florence Nightingale in the Crimean section, for example. The sensibilities of education authorities are respected by his fence-sitting disclaimer that, though he is admitting their truth, he never actually saw any proof of the allegations of Indian atrocities - but you have to be sharp-eared to realise that the account of a British atrocity against an Indian is similarly second-hand. As Mr Hayes presents him, Russell would be a BBC producer today. But probably not tomorrow.

The role of the penniless clerk, who is taken for a government official by the venal and brutal local bigwig and fathers his nest accordingly, is entrusted to Paul Rhys. This young actor, a rather mannered romantic lead in Shakespeare in the past, has all the technical equipment for eccentric comedy. His performance is calculatedly physical, a blend of Maggie Smith at her most attenuated and don't-be-jointed and Robert Lindsay's meticulously worked-out sags, prat-falls and double-takes from *Me and My Girl*. "Please sit down," he invites a visitor, and his arm shoots up in a Concorde take-off before diving vaguely in the direction of the sofa in a helpful indication of where to park. His drunken fantasising about a grand life and meteoric career

in St Petersburg is feverish; near-hysterical wish-fulfilment that marks him as a not too distant cousin of such Russian obsessives as Pushkin's Herman or Dostoyevsky's Gambler. Characteristically of the production, a feeling of actual humour is absent. Mr Rhys ultimately tries too hard, or is directed too hard, in usually drawing, collapsing on to furniture with legs stiffly unbending like a toy soldier, or treating in waste-paper baskets. But let's all a bit solemn and don't be-jointed and don't be-jointed and don't be-jointed.

Against servicable sets (David Cockayne) whose wings of wooden fences and huts swirl to become interior doors and windows, and in appropriately caricature costumes (Allan Watkins), the rest of the cast works with a will but lacks the buoyant comic spirit. It's sad to see such players as Judy Corwell longing for firm direction, shouting and flouncing in a vacuum. The gallery of accomplished character actors includes Tim Preece, a spindly black-clad postmaster, positively Dickensian, whose wrist and chin protrude from his shrunken bonnet; Brian Murphy, rather thrown away as the impostor's servant; Wolfe Morris;

Timothy Bateson; and a fine Tweedledum and Tweedledee act from Roland MacLeod and Philip Manikoff (resembling Donald Pleasence) as the rival landowners, a couple of malign Cheery-bles.

Sir Anthony himself is the Mayor, insufficiently callous or greedy and at times a trifle mechanical, but always in character. At the climactic moment, the messenger who brings news of the real Government, aspects of the play, is unforgettably masked by an inept piece of production and, though placed centre stage, was invisible to me. Followed by a giant blow-up projection of modern faces (victims? predators?), the scene suggests that the director hurried through the play's conclusion, uncertain how to end it.

New post for Groves
Sir Charles Groves is to become music director of the Leeds Philharmonic Society with effect from June 1. He succeeds Sir Charles Mackerras who recently completed three years as the society's music director.

Arts Guide

Music

LONDON

Royal Philharmonic Orchestra, Beaux Arts Trio. Conducted by Kurt Masur. Beethoven's Royal Festival Hall (Tue, 8.30-9.30).
Opera 68, Mozart's *The Abduction from the Seraglio*. Elizabeth Hall (Tue, Wed).
Filarmonica, conductor Rafael Frühbeck de Burgos with soloists Elizabeth Gale, Jean Hery, James Bowman and Jonathan Summers. Mendelssohn, Orff. Royal Festival Hall (Wed).
Royal Philharmonic Orchestra, conductor Kurt Masur. Beethoven, Bruckner. Festival Hall (Thurs).

VIENNA

Wiener Symphoniker, conductor, Hosi Stein. With soloist violin, Isabelle von Kienlen. Saint-Saëns, Bruckner. Musikverein. (Fri, 19.30) (85 St 80).

The Chamber Orchestra of Europe, conducted by Friedrich Gulda. Mozart, Gade. Konzerthaus. (Sat, 19.30) (72 12 11).

Vienna Philharmoniker. Claudio Abbado conducts Beethoven, Schubert. Musikverein. (Sun, 11.30) (85 St 80).

The Arnold Schoenberg Choir, conductor, Nikolaus Harnoncourt. Soloists, Angela Maria Blesi, Yvonne Remy, Jurgita Ruse, Hans Peter Schwaib. Robert Hall: Bach, Konstantin. (Sun, 19.30) (72 12 11).
The Alban Berg Quartet, Beethoven. Konzerthaus. (Mon, Tues, 19.30) (72 12 11).
Newer Wiener Vocalensemble, conductor Peter Altmann: Hassler, Bach, Mendelssohn, Von Elmen. Musikverein. (Wed, 19.30) (85 St 90).
Wiener Symphoniker, conductor Erich Leinsdorf. Soloists Brigitte Poeschl, Gabriele Sima, Cornelia Kallisch, Klara Takacs, Peter Schneider. Schumann's Faust. Konzerthaus. (Wed, Thurs, 19.30) (72 12 11).

The London Fortepiano Trio, CPE Bach, Haydn, Mozart, Beethoven. Musikverein (original instruments). (Thurs, 19.30) (72 12 11).

PARIS

Novel Orchestre Philharmonique, conducted by C. Bades, Jennifer Jones, soprano; Wagner, R. Strauss (Mon) Radio France, Grand Auditorium (22.05.1988).
Orchestre de la Suisse Romande, conductor, Jean Serey. Soloists, Jean Serey, Jean Serey, Jean Serey. (Tue) Saint-Roch Church (22.05.1988).
Orchestre de Paris, conducted by Esa-Pekka Salonen, Brigitte Reger, piano; Sibelius, Grieg, Nielsen (Wed). Salle Pleyel (22.05.1988).
Maurice Pollak, piano; Liszt, Schubert. (Tue) Salle Pleyel (22.05.1988).
Orchestre Nationale de France, conducted by Georges Pretre, Michael Rudy, piano; Prokofiev, Landowski (Thurs, 19.30) (72 12 11).

(Thurs) Radio France, Grand Auditorium (22.05.1988).
Orchestre de Paris, and Ensemble Intercontemporain conducted by Esa-Pekka Salonen; Lindberg, Schostakovich. (Thurs) Salle Pleyel (22.05.1988).

Louvre Musiciens, conducted by Marc Minkowski; Rameau's *Plante en Concert* version (Thurs) Opera Comique (22.05.1988).

NETHERLANDS
Amsterdam, Concertgebouw, piano recital by Jozsef Balazs; Mendelssohn, Beethoven, Franck, Bellini/Liszt (Mon). Anton Kerpjes conducting the Netherlands Philharmonic with Emmy Verhey, violin; Beethoven (Tue). The Amsterdam Promenade Orchestra under Marting Kamminga, with Theo van der Poelen, soprano. Wout Oosterkamp, bass; Brahms, Stravinsky (Thurs).
Amsterdam, Recital Hall. Raphael Quartet: Schubert, Shostakovich, Beethoven (Wed) (718 345).
The Hague, Philipszaal. Anton Kerpjes conducting the Netherlands

Philharmonic with Emmy Verhey, violin; Beethoven (Thurs) (60 98 10).

NEW YORK
Alfred Brendel, piano recital: All-Schubert programme (Mon, Thurs) Carnegie Hall (247 7800).
Detroit Symphony Orchestra, conductor, Zubin Mehta. Beethoven, Liszt, Schubert, Mozart, Beethoven (Thurs). Carnegie Hall (247 7800).

New York Philharmonic, Zubin Mehta conducting. Isaac Stern violin; Minkowski, David, Mozart (Tue). Mahler (Thurs). Avery Fisher Hall (247 2424).
Yvonne Lurie, soprano, Brahms, Shostakovich (Thurs). Kaufmann Hall (585 1100).
Kylin String Quartet, Mozart, Bartok (Wed 12.30 Free). Juilliard Concerts at the 134 Garden Plaza (588 & Madison).

WASHINGTON
Los Angeles Philharmonic, Andre Previn conducting; Brahms/Elman.

May 13-19

People Show/King's Head

Claire Armitstead

First, a confession. Twenty-two years and 93 shows into my long and outlandish career I have just watched the People Show for the first time - an experience, in performance theatre terms, not unlike my own upon a famous cathedral. One knows one is in the lee of a venerable institution that has miraculously held together through the years, its basic composition unchanged by sundry later additions. What is disarming about this veteran troupe of madcaps and musicians is the freshness with which they set about their business.

Their latest show, *Marooned*, is a jam session of two entirely incompatible decades. From the callous eighties comes the central image of down-and-outs stranded on a Camden traffic island, prey to any Salvation Army zealot that should happen to park her beat (sic) alongside. From the abundant sixties comes the spirit that turns a rag-bag of drunks, junkies and hoboes into a let's-have-another-party party, complete with crouching genie, guitar-strumming pirate and many, many inflatable parrots.

The environment for their cavortings is an artwork in itself, featuring a kamikaze segall frozen in mid collision with a traffic island, a row of skulls in sunglasses and a jump palm tree strung, like the walls, with musical instruments which are gradually plucked up and played. It is all blissfully self-indulgent, wick-

edly wayward, and yet the kaleidoscope of imagery is capable of throwing up shafts of poignant insight. A graffiti artist sprays a little seascape to the morbid strains of Radio Four's sign-off tune, *Sunday Ray*, a hilly Scots drunkard hurls abuse at the audience, a woman's face contorts in a silent scream (or is she merely vomiting up earlier excesses?).

Then, of course, there are the long, luxurious stretches of inspired lunacy. Locked in a bout of Sumo wrestling, George Khan, of the polished pate and glittering eye, sounds a jolly little tom-tom beat on his stomach, while Jeff Nuttall's white acres yield a booming bass; hopelessly trapped in the coils of a large green serpent Sarah Sankey - a particularly People-ish addition to the personnel - struggles busily on and off the back of the stage. Out of the chaos comes an inscrutable logic, and out of the cacophony comes jazz.

£1,000 Jazz award

Jason Rebello, a nineteen-year-old pianist at the Guildhall School of Music, has won the 1988 Pat Smythe Award for a young jazz musician of outstanding talent. The award, worth £1,000, was presented to Rebello by Ronnie Scott in London. It was set up in 1965 in memory of pianist/composer Pat Smythe.

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Monday May 16 1988

Interest rate dilemmas

IF MR NIGEL LAWSON is to continue as Chancellor of the Exchequer in comfort, the embarrassing disagreement with the Prime Minister over exchange rate policy has to be resolved. It is possible that it will be, but only following a change in interest rate policy abroad which Mr Lawson, as an articulate proponent of macro-economic co-ordination, should oppose.

The rift over policy - re-emphasised only last Thursday - is, at the least, awkward. This is, after all, a Government whose leader has been predictable. At present, however, there are two exchange rate policies, with the Chancellor's predominant, except when the Prime Minister gets too upset. Astrologers might now do as well as predicting UK exchange rate policy as anyone else.

The dilemma to which these disagreements are witness is, as the Bank of England reminded us last week, the conflict between the buoyancy of domestic demand and that of sterling.

With just one instrument, the interest rate, a choice has to be made. So far that choice has been the form of an uneasy compromise, with an appreciation of the exchange rate since early March counterbalanced "in part" (in the Bank's words) by two ½ per cent cuts in base rate.

The judgment of the Bank on the balance of policy, while plausible, is not cogent. Sterling's 6 per cent appreciation against the D-Mark will, indeed, impose downward pressure on manufacturing, but earnings growth is now faster in service industry.

Moreover, the expansionary effect of the cut in interest rates on the latter could exceed the contractionary effect of the exchange rate appreciation on the former.

Decisive action

What is needed is a *deus ex machina* who will allow the Chancellor to stabilise the exchange rate, while raising interest rates. If foreign private investors stubbornly refuse to share the Bank of England's concern about the pace of domestic demand growth, the way out for their monetary authorities - above all the Bundesbank - is to tighten monetary policy. Unfortunately, such a tightening in West

Germany would be indefensible. Despite the last trade figures, there are signs of adjustment in the US. The danger is that the external adjustment will be thwarted by inflationary excess demand, the pressure being indicated by the decline in unemployment to a 14-year low of 5.4 per cent.

A rise in the long rate of interest of almost 1½ per cent since the beginning of last month has signalled the bond market's concern. The Federal Reserve should act decisively on short-term interest rates, not merely to curb inflationary pressure in the economy, but also because anything less than decisive action is likely to do little to allay the bond market's fears. Decisive action on the shorter end should lower long rates and so avoid the dangerous effects of higher interest rates on the stock market. The US effort would be wasted if the surplus countries were to tighten their monetary policy, too. Neither Japan nor West Germany faces any great inflationary danger. Japan can afford to ignore the risk implied by the buoyant monetary growth, because of the ease with which inflation can be reduced once again in her flexible economy. The Bundesbank can ignore the much lower monetary growth in West Germany, because there is little risk in the first place.

Resist temptation

Policy-makers must also remember the implications of the attempt to stabilise exchange rates. Monetary policy is then a collective activity, with the relative strength of currencies the principal indicator of where tightening should occur. Since there is little evidence of the return of global inflation, despite a modest recovery in commodity prices, it is merely the relative tightness of US and Japanese monetary policy that needs to be adjusted.

However unwisely, the three major countries may well embark on a global round of monetary tightening, so making the Chancellor's domestic dilemma easier to resolve. If so, he is entitled to feel grateful for their assistance in this important task. For the sake of his own reputation, he must resist the temptation to halt the change in policy.

A fresh look at nuclear power

THE BRITISH Government's commitment to nuclear power has been complicated by the plan for privatising electricity. Without it, a greater degree of competition in the generating side of the industry could have been envisaged. For this reason, and because of growing doubts about the economics of nuclear power, it is time to look afresh at the assumptions underlying the nuclear commitment.

The main purpose of privatising electricity should be to bring more commercial discipline to bear on the industry. Yet the Government intends to force the 12 new distribution companies to sell a minimum proportion of electricity from "non fossil fuel" sources.

It may be said that the Government can take a longer view of the strategic advantage of nuclear power than is possible for a private capitalist. Nuclear power, it is argued, will provide insurance against future oil price shocks, miners' strikes or other disruptions.

This argument seemed persuasive a few years ago when it appeared that a successful nuclear programme of four or five new pressurised water reactors would be better value for money in Britain than coal-fired plant of the equivalent capacity.

Safety requirements

However, the supposed economic advantage of nuclear power depended on assumptions which now seem questionable. The most important were that the future cost of coal would rise in real terms and that the proper cost of capital or discount rate used to evaluate projects should be relatively low. But in the US and in Europe commercial decisions are increasingly being taken on the basis of the real cost of capital or discount rate. Coal prices will not rise merely in real terms for several decades. Meanwhile, the success of Mrs Thatcher's policies in improving industrial profits have created doubts whether the electricity industry's present discount rate of 5 per cent in real terms is adequate.

This figure is only half the average return on capital now being achieved by British industry. Several recent studies, of which the latest is by Mr George

Yarrow, the Oxford economist, show that stable coal prices or a cost of capital closer to 10 per cent could make nuclear electricity no cheaper and perhaps more expensive than power from coal.

A higher discount rate can be a way of expressing the special economic risks of nuclear power. Anxious about safety can have an important impact on the economics because they can result in expensive safety requirements being imposed by regulators. In addition the risks of breakdown or construction delays can be especially burdensome because of the large amounts of capital sunk in a reactor project.

Economic case

The economics of nuclear power depend crucially on good design and efficient construction, both of which increase with experience. The world's most impressive nuclear programme, in France, demonstrates the benefits of learning by experience. With more than 60 reactors being built or operated, France has been able to reduce costs to a level at which nuclear power competes with coal under most credible assumptions.

If the European Community really did represent one integrated market it would be absurd for Britain to start developing its own home-grown version of a similar design, as has happened with the new FWR started last year at Sizewell in Suffolk.

The British nuclear industry is hoping that the Sizewell project will reverse the UK's abysmal record for building nuclear plant on time. But even if it does so, there is little hope that British costs can be lowered to a level close to those in France.

In the long term the world and Britain will doubtless need more nuclear power, but for some time to come the electricity source of coal supplies might give the country most of the energy security which it needs. At the very least the Government needs to reconsider the economic case for nuclear power and all options for producing it. If the best option proves to be importing from France or allowing the French to build a nuclear plant in Britain, the Government must be prepared to subject nuclear power to a market test.

No foreign capital, please

By John Plender

ONE OF the more striking features of the global economy in the 1980s has been the fast-growing tidal wave of capital that has flowed across the foreign exchanges. But is that tide, which is now running on a daily basis at around 20 times the underlying trade flows, finally about to turn?

In recent weeks there have been tell-tale signs of increasing governmental sensitivity over foreign participation in domestic bond markets. Public opinion in the developed world has become notably hostile in the face of a spate of hard-fought cross-border takeover bids. And the resentment threatens to become self-feeding as companies dash to make international acquisitions before the protectionist barriers come down.

The populist backlash against foreign capital has been at its most fierce in the hitherto liberal United States, where the intense hostility of the protectionist lobby has been fuelled by the US Treasury's bond market unless their governments grant reciprocal access to US houses. Such is the political sensitivity of the issue that Fuji Bank has felt obliged to restrict its participation in this market to a minority stake, announced last week, in a primary dealership controlled by Kleinwort Benson.

Yet the Japanese are now in the position that they are damned if they do and damned if they don't. The head of the presidential task force on the October stock market crash, Mr Nicholas Brady, co-chairman of investment bankers Dillon, Read, last month accused Japanese investors of precipitating the slide by dumping US government bonds. It was, he implied, a Japanese investment strike in the bond market that caused equity investors to panic about the widening yield gap and the threat of inflation.

Senior officials at the Japanese Ministry of Finance say that it was more a case of a slackening Japanese capital inflow into the US than a sell-off. But since Mr Brady is a close associate of Mr George Bush and is regarded as a potential Treasury Secretary in the event of a Republican victory in the presidential election, the allegation hurts.

Xenophobia is not confined to the Japanese. The British construction group Beazer has run into extreme local hostility in its bid for the Pittsburgh-based aggregate concern Koppers. So, too, has Shearson Lehman, Beazer's investment banking adviser, which also has an equity stake in the deal. Shearson's parent is American Express. The natives of Pittsburgh have been busily tearing up their American Express cards in front of the television cameras in protest against the bid. This simply reflects the growing public hostility towards Wall Street investment bankers for their role in selling off America as foreign buyers rush to take advantage of a weak dollar before the politicians close the window of opportunity.

In Europe there have been comparable alarms, notably in the case of Mr Carlo de Benedetti's *Société Générale de Belgique*, which has prompted a powerful nationalist response both from the Belgian Finance Ministry and the local business community. The sight of this unusually

aggressive takeover battle in neighbouring Belgium has also caused the French to become increasingly nervous about the consequences of their recent move to liberalise the domestic capital markets - a nervousness that has been increased by Italy's Assicurazioni Generali insurance group stalks Compagnie du Midi in France.

In Britain, meantime, the dawn raid by Jacobs Suchard on the York-based sweet manufacturer Rowntree, followed by a contested bid from Nestlé, has caused mounting concern among politicians and industrialists alike. The fact that some Swiss companies are heavily protected from hostile takeovers has given rise to calls in Britain for reciprocity in the treatment of foreign bidders - despite the fact that the protection is contained primarily in company statutes, not legislation. Recent heavily publicised bid-proofing alterations to the statutes of two Swiss companies, large chemical companies, Sandoz and Ciba-Geigy, have lent impetus to the reciprocity bandwagon.

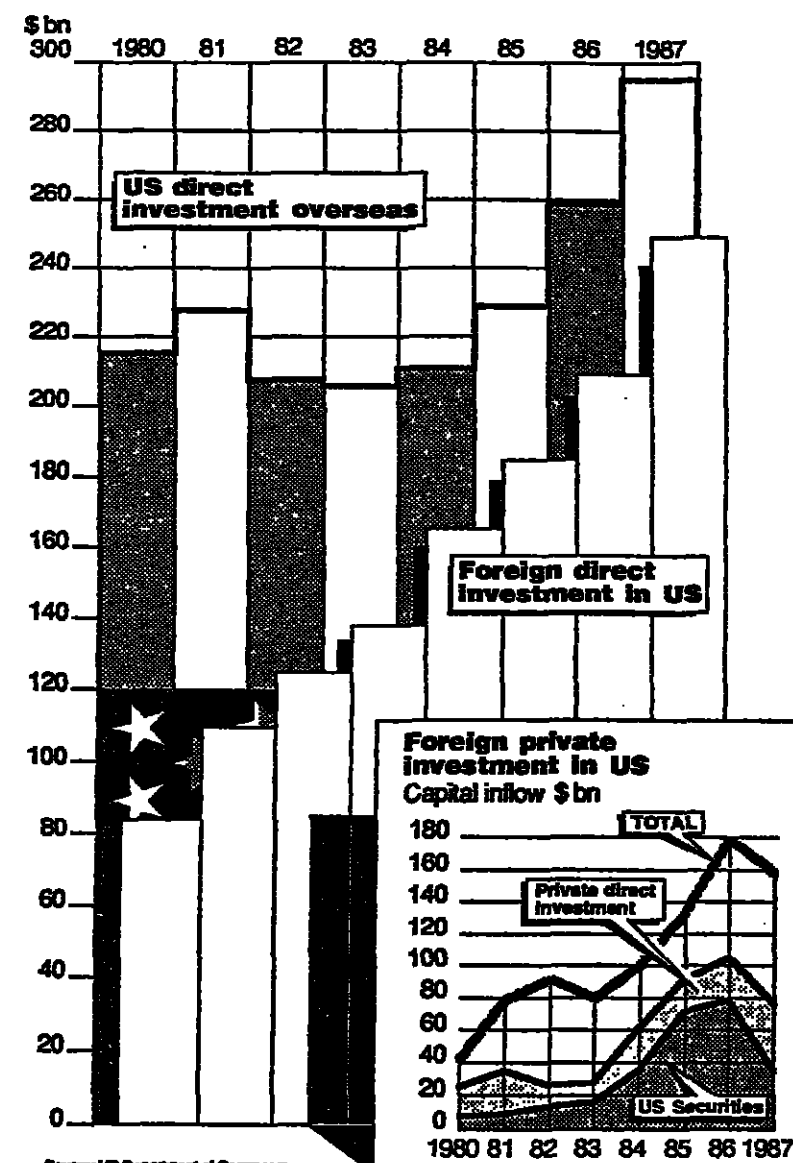
Much of this nationalistic backlash can be regarded as a natural consequence of the widespread removal of capital controls in the 1980s. But in the United States the politics of foreign capital inflows seems almost absurdly at odds with the underlying economics. With a marked shortage of domestic savings, the US economy is heavily dependent on foreign savers to finance its twin deficits. To treat Japan, the world's biggest external creditor, as a

There is growing hostility to Wall Street investment bankers for selling off America to foreign buyers

bogeyman when it provides the US economy with a financial drip feed is nothing if not perverse.

Foreigners now have an important influence on US interest rates. Mr Yoshitaka Murata, Director of the Research Division of the International Finance Bureau of the Japanese Ministry of Finance, acknowledged at a conference in London this month that the decline in Japanese private capital flows into the US in 1987 had contributed to the rise in 30-year US government bond yields from 7½ per cent at the end of February to more than 10 per cent on the eve of the October crash. The retreat from US bonds (see graph) reflected worries about the weakening dollar, which is now estimated to have inflicted a paper loss of \$50 billion on Japanese insurers last year.

But that puts a needlessly unflattering complexion on the foreign inflow. For US interest rates would be still higher in an election year, if foreign central bankers had not taken over from private investors in plugging the US domestic savings gap. In short, the potentially painful legacy of Reaganomics - direct foreign investment in the US of some \$250 billion at the end of 1987, Britain accounted for the biggest share with 28 per cent, followed by the Dutch with 21 per cent and Japan with only 12



competition watchdogs should judge domestic takeovers and mergers on the basis of their impact on competition in the European market, rather than the British market. If such a view were to become official policy, a merger between Rowntree and Cadbury (which is under threat from General Cinema) might have escaped Monopolies Commission censure and pre-empted the foreign attack.

As yet, concern about foreign investment has not been reflected in the reinforcement of exchange controls or of other draconian legislation. Some countries, such as Japan and West Germany, have never ceased to impose difficult cultural and competition policy barriers to foreign acquisitions. But elsewhere there are straws in the wind. In France Mr Chirac's government showed itself unusually sensitive in the initial stages of the proposed acquisition by the Financial Times's parent, Pearson, of the publishing group Les Echos; the incoming socialist administration is expected to be more nationalistic. In Britain the government has asked the Monopolies Commission to probe the Kuwait Investment Office's 22 per cent stake in British Petroleum on public interest grounds. And on Monday it emerged that two Japanese securities giants, Nomura and Daiwa, had been prevented at the last minute from becoming market makers in UK government bonds, ostensibly on the grounds of reciprocity.

The British government's response to

To treat Japan as a bogeyman when it provides the US with a financial drip feed is nothing if not perverse

the Office of Fair Trading's forthcoming recommendation on Nestlé bid for Rowntree will provide a more tangible indication of the speed at which policy is shifting. But the pressures can only intensify. According to a new study* by DeAnne Julius and Stephen Thomson of the Royal Institute of International Affairs, foreign direct investment in the Group of Five industrialised countries increased since 1980 at astonishingly high annual rates of 10 per cent for the United States, 40 per cent for Japan, 31 per cent for West Germany, 28 per cent for France and 2 per cent for Britain. The authors expect foreign direct investment to grow at a annual rate of 13 per cent in real terms to 1995, reflecting the continued liberalisation and growth of service industries, the liberalisation of local corporations, have genuine worries about the potential job losses and closures that might come from out-of-state or foreign ownership. This fear of becoming a branch plant economy is also at the root of much concern in Europe, not least in York over the Swiss bid for Rowntree.

There is also a growing suspicion that some governments have been slow to adjust competition policy to reflect the coming of the single European market. Courriand's chairman Sir Christopher Hogg, for example, argues that UK

Stalemate in the Cabinet

A curious ménage à trois has developed at the top of the British Government. Margaret Thatcher, the Prime Minister, is at odds with both Nigel Lawson, the Chancellor of the Exchequer, and Sir Geoffrey Howe, the Foreign Secretary, over exchange rate policy. Yet none of them seems likely to make a decisive move and we could be stuck here indefinitely, as indeed we have been for the last few months.

One obvious move would be for the Chancellor and the Foreign Secretary to get together, tell the Prime Minister that the time has come for Britain to join the exchange rate mechanism of the European Monetary System, or face the consequences - which could include the resignations of her two top ministers.

That will not happen for a number of reasons. One is that Lawson and Howe rarely operate in tandem. It is not so much that they do not like each other; it is just that they have different temperaments. Howe wants full membership of the EMS at least partly on grounds of foreign policy. He thinks that joining the monetary club would show that Britain at last is an unconditional member of the European Community.

Lawson's arguments are more technical. He believes that belonging to the exchange rate mechanism would impose a discipline, rather than the original medium-term financial strategy set a discipline when Lawson was Financial Secretary and Howe was Chancellor in 1980. But Lawson still recognises, along with the Prime Minister, that there is something to be said for maintaining freedom of action by staying out for example, on interest rate policy. Besides, Howe likes being Foreign Secretary and Lawson knows it. The Chancellor now admits - a fairly recent conversion - that the only other post in government he would take on is the Foreign Office. That incipient rivalry scarcely

makes for a Howe-Lawson alliance.

Not least, this is not a Government of plotters. By and large, the best ministers - Howe and Lawson among them - get on with their jobs knowing that there are some things that they cannot do because the Prime Minister is opposed.

Where they differ from some ministers who have served her is that neither of them could be easily sacked. Howe is too popular in the party, and perhaps nowadays in the country; Lawson is too respected in the markets, and his standing in the party has risen sharply in the last two years.

Equally, it is unlikely that either of them would resign either in a fit of pique or on a stand of principle. Lawson might go one day, but one doubts if he would do so because the timing of his departure would provoke a crisis. And the differences that exist between Thatcher and Lawson so far can still be blurred - a few pennies either way.

So it looks as if the ménage à trois will continue a while yet. It is Thatcher who is at fault for living in the past: the fear of entering a monetary system and then having to come out again because sterling is too weak is, in her own words, "etched on her memory." Yet it was under her that sterling became strong enough.

The only way out of the impasse may be for the French and West German governments to issue a formal invitation for Britain to join. There would then be a new situation, and one that would lose face. Yet given the present state of French politics and the weakness of Chancellor Kohl, that is not on the immediate agenda.

CBI bun fight

A little-noticed point about the annual CBI dinner in London last week was the sheer boisterousness of it all.

OBSERVER



"Any advance on DM 3.1825?"

The speeches may have been boring, but what the captains of industry wanted was a good night out. Some of them exhibited their cigars on the carpets and there was an amazing collection of neckwear: not all of it black, nor all it tied.

The men from the north and the Midlands talked about where they were going after dinner. Hardly a wimp among them. Has the CBI lost its purpose?

Re-enter Fauroux

The new French Cabinet is obviously not going to last long. One figure stands out, however, apart from the Prime Minister, Michel Rocard. He is Roger Fauroux, the industry minister.

For the past two years, Fauroux headed the Ecole Nationale d'Administration (ENA) which has groomed generations of top French civil servants and politicians. Before that he was chairman of Saint-Gobain, the French glass and pipes group, where he worked for 25 years after leaving the public administration.

Soft-spoken and reflective, Fauroux, who is 61, is a mixture of a man of action and an intellectual. At Saint-Gobain he was the only

chairman of a leading industrial group nationalised by the socialists in 1982 to have been kept on. State ownership did not prevent him launching a controversial market raid against the *Compagnie Générale des Eaux*, the big private water distribution group, well before the fashion for takeovers started gripping the French market.

He brought young executives who were not products of the conventional French right-wing establishment into the Saint-Gobain management. They included Alain Gomez, now chairman of Thomson, and Alain Minc, today Carlo de Benedetti's man in Paris who engineered the bid for *Société Générale de Belgique* this year.

Fauroux went to ENA before the right returned to power in 1986, believing that he could not only train the élite of the French bureaucracy but also bring on a new generation of top industrial managers.

He is not the first industrialist to take over the industry portfolio. Pierre Dreyfus, the former chairman of Renault, was made industry minister after the socialist landslide in 1981. Fauroux must have expected that early parliamentary elections would be on the way and is presumably ready to stay on. One of his chief interests is theology.

Important plates

According to the latest issue of *Anticor*, the number plate VIP is up for sale. The asking price is £100,000 and Terry White, the used car dealer in Sittingbourne, Kent who has title to it, claims that he has had several offers around £50,000.

White bought it, along with a Mercedes, from an unnamed Kentish owner for an undisclosed sum, the plate having first been used by the Pope during his visit to Ireland.

The vehicle licensing centre at Swansea used to insist that plates and vehicles were not separable. This has been relaxed in the last few weeks. "Cherished" plates, as they are called, can now be marketed in return for a fee of £80 to the DVLC.

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LONDON CITY AIRPORT
 A MOWLEM ENTERPRISE

Ivo Dawney looks at the consequences of Brazil's lurch back towards economic nationalism

Paying a high price for independence

FACED WITH the choice between free competition and integration with the world market, or a tightening of national control over their increasingly inefficient economy, Brazil's Congressmen had no hesitation last month. They chose the latter.

Amid tumultuous cheering, the National Constituent Assembly voted by an emphatic vote of 245 to 126 to force controlling shares in all mining companies into Brazilian hands and halt all further foreign oil exploration risk contracts.

To many observers, the decisive margin presents an alarming snapshot of the chasm between current Brazilian thinking and that of the rest of the world. While governments from the US to the Soviet Union are propounding independence and struggling to attract inward investment, Brazil is proud, independent, close to bankruptcy - has decided to show foreigners the door.

It is not only the mining and oil companies that have to reconsider their operations. By creating the concept of a "Brazilian company of national capital" - to which mineral rights are to be restricted - the nationalists have found a tool which could be used to shut out other activities to foreigners. Fine chemicals and biotechnology are two known targets.

But this possibility remains unlikely. Moreover, it is also just possible that even the mining and oil clauses could be reversed. In practice, nationalist rhetoric often gives way to pragmatism in Brazil.

Furthermore, as the legislature makes its populist gestures - the latest being to cap bank interest rates - an altogether more conciliatory series of signals is being emitted from President José Sarney's Planalto Palace. Nevertheless, the real significance of the vote is its confirmation, at least, of the general elections of November 1988, the Old Brazil can still command nearly two thirds of the Congress against the modernists. A bizarre coalition gathering in the far-right military, the evangelical movement, the normally sober centrists, the mining interests, and far-left socialists has found common, nationalist ground.

It does not matter that Brazilian mining companies have always fought shy of the high-risk, capital-intensive business of mining exploration. The industry, anyway, tacitly recognises that most foreigners will get round the rules by appointing Brazilian front-men as 51 per cent voting-shareholders.

The Congress's vote seems a futile patriotic gesture, and one which may

be very expensive. While most foreign companies - whose investments already run to billions - will find a way to pursue current schemes, many will fight shy of new ones. And there is no Brazilian capital available to take up the slack.

The Brazilians will maintain their precious national sovereignty over their mineral resources," said one embittered foreign investor. "They just won't know where they are."

If last month's vote has been condemned by the foreign community, it has also been attacked by every serious Brazilian newspaper and all the country's best known economists. How then, can politicians justify it?

In part, the answer is simple jingoism - a xenophobic conviction, born perhaps of austere IMF programmes and debt interest payments, that what is good for the foreigners cannot possibly be good for Brazil.

The view of the parties on the left owes much to Brazil's collective anthropology, mapped with genius by the late Gilberto Freyre, in which the world is divided into masters and slaves. If we are to be slaves, they argue, let us at least keep it in the family and ensure our masters stay Brazilians, until the day when we will have the whip in our hands.

Uncomprehensible is the position of the military, some of whom believe Brazil can maintain monopolies or cartels in sectors deemed of "national security" and still be in the world's technological vanguard - without any strategic or economic programme for financing it.

This view has launched millions of "taxpayers" dollars into romantic, though dubious, ventures ranging from information technology to satellite construction and nuclear fuels with potential profitability nowhere in sight.

Most blameworthy of all, from the liberals' perspective, are the domestic companies themselves, many of which correctly see the manipulation of nationalist sentiment in Brasília as the

safest way to profit without fear of competition or risk investment.

Ally these interest groups with an under-worked and bloated bureaucracy which is anxious to maintain its privileges, and the paternalistic "favour system" of government appears still to be unassailable.

Brazil's fondness for keeping business in the family even if a cheaper, more efficient product is available from strangers is something which passes through all layers of society. For the company chairman, getting things done often means having a well-placed friend in Brasília. For the family in a shantytown, prestige - and, perhaps, a few handouts - flow from having a cousin earning a secure salary in government or a state enterprise. Foreign competition would upset the chairman's cosy lifestyle, while the shantytown family is unaware that its members' underemployment is the price of their cousin's good fortune.

Mr Antonio Delfino Netto, Brazil's former planning minister who is now a repentant convert to market forces, defines the system with two laws. "First, the bureaucracy always allies with national industry to control the market."

"Second, the bourgeoisie that creates reserved markets manipulates the left in spectacular form - you can sell any idea if it is dressed up as the defence of national interests."

A shift to a more meritocratic economic system based on genuine competition would represent a revolutionary change for Brazil - a change that the mining vote proves it is still not ready to take.

After all, for 40 years, economic policies based on import substitution - the systematic replacement of imports with national equivalents - have sustained average 7 per cent growth, created an integrated industrial base and tripled per capita income despite a parallel tripling in population.

Although the system merely paid lip-service to efficiency while fuelling paternalism, buoyant internal demand kept the machine in motion. Now, that is no longer the case.

Foreign and internal debt of more than \$150bn (\$80bn) has halted the government's capacity to generate demand. Simultaneously, mismanagement of the economy and frittered savings have dried up investment funds and consumer spending power.

In short, the public sector surplus that long sustained that cousin's salary from a spendthrift state has disappeared. The illusory free lunch, in reality paid for by a cruelly unjust distribu-



President José Sarney looks set to try another round of austerity measures

tion of wealth, is off the menu. Yet, so far, few Brazilians are ready to accept this awkward truth.

Before the mining vote, however, the climate had seemed to have been changing. Recent signals given out by the government had - if maddening in their tardiness and modesty - at least been in the right direction. Mr Mallos da Nobrega, the finance minister, has capped budgets, halted state-sector recruitment and temporarily frozen wages. In addition, the national development bank, the BNDES - for years both high priest and policeman of the import-substitution strategy - has now called for an export drive and "competitive integration" with the world economy.

A World Bank seminar on liberalising Brazil's highly discretionary trade regime seemed to be preaching to the converted. Privatisations and debt equity conversions are under way and banking and civil service reforms promised.

Against this background, the mining vote is a serious setback for Brazil's many foreign friends, not least those hoping to persuade their head-offices to invest.

Part of the explanation for Congress's bizarre outbreak of nationalism may lie in the general air of pessimism and inferiority that a stagnating economy and 20 per cent a month inflation carry with them.

But this directly conflicts with the views of many admiring foreigners with a sound knowledge of the country's industrial base and entrepreneurial skills. For example, Professor Donald Coe of the University of Illinois

said after the recent World Bank seminar that, in many sectors, Brazil is already highly competitive.

"All that is really needed is a greater orientation towards export markets and more imports to modernise industry," he said. "Tariffs on weaker sectors can be maintained and reduced gradually so long as the system is transparent and non-discriminatory."

But if all Brazilian industry lacks is ambition, the same cannot be said of Mr Sarney, whose dogged pursuit of Congressional approval of a five-year term of office has drastically slowed any decision-making.

Mr Sarney now looks set to try another round of austerity measures. However, fears persist that the really vital issue - civil service reform and the dismissal of politically appointed civil servants who have salaries but no real jobs - will continue to be evaded, at least until the mandate question is resolved.

Despite the gloom, there is another, more optimistic way of looking at Brazil's predicament. This argues that after 21 years of military rule and atrophy, Brazil's democratic muscles - in the legislature, judiciary and even the business and trade union lobbies - are at last twitching into life.

If mistakes must be made, this is a small price to pay for the return to the democratic process. Brazil's natural wealth and pragmatism will see it through to a glorious future.

All this, perhaps, is true. The pity is, following last month's events in Brasília, that natural wealth looks set to be exploited less rapidly or efficiently. Once again, the future has been delayed.

Lombard

Much-needed new monetary look

By Samuel Brittan

A WELL-OBSERVED characteristic of public officials is that they tend to be sceptical about the power of the instruments they themselves operate, but full of radical ideas about the areas furthest from their knowledge and control.

A new book by a former Economics Director of the Bank of England and a serving Bank official, fits the negative part of the formula. They are extremely sceptical of the claims made for monetary policy, but do not have much faith in the alternatives such as incomes policies usually favoured by those in their own intellectual camp.

While they have some limited belief in fiscal policy, this is for the traditional purpose of managing demand in real terms. The rate of inflation in their last analysis just drifts. While the Bank of England can justifiably use the latest intellectual fads to scare the daylight out of wage bargainers in an emergency, ultimately it is not in control.

This is, nevertheless, a book that monetarists of all varieties will neglect at their peril. Its value lies not so much in its conclusions, but in its welcome return to an older style of economic analysis. There is a great deal of factual and statistical information; but it is limited to what is required to shed light on what happened and why, and to analyse how the monetary system works.

The authors puzzle over questions that too rarely asked nowadays, such as whether banks can create money. They ask why it is that by imposing penal borrowing rates on a quantitatively insignificant proportion of bank resources, central banks can lever up or down the general level of interest rates. Not surprisingly they suggest limits for central bank ability to control either interest rates or lending totals.

The work will become a standard textbook. I could only wish there were something from the monetarist or market economy side half as good. It is particularly admirable that Christopher Dow, at a stage where he could either have just retired or become a sage, has continued to worry away at fundamental problems not easily answered by the

economic models now in fashion.

The current policy problem is clearly stated in the title of the final chapter, "Monetary Policy without Monetary Targets". The authors believe that the main aim of monetary policy should be to influence the exchange rate, hardly one with which I am likely to quarrel.

But while this is an arguable objective for a single country, it can hardly be sufficient for the wider international community. The Bank of England can set interest rates to keep sterling within a published or unpublished range against the D-Mark. But if the Bundesbank were to set its monetary policy with an eye to sterling, the prescription would become indeterminate and the international level of interest rates could be anything at all.

For the exchange rate prescription to work, there must be at least one country whose monetary policy is not targeted on the exchange rate. Or more ambitiously, there needs to be internationally agreed objectives to determine the drift of monetary policy over the Group of Seven as a whole. This is so even if, as the authors advocate, a sterling target is used merely to minimise overshooting of the real exchange rate and not as a counter-inflationary device. Exchange rate stability alone could be as well served with average nominal international short-term interest rates at a great variety of different levels.

The world as a whole - and for many practical purposes the Group of Seven major industrial countries - forms a closed economy. Fundamental questions about the goals of monetary policy cannot thus be shelved by formulating an external objective.

The more that peripheral countries - that is, every country except the US, Japan and Germany - concentrate on their exchange rates, the more important it is for the Big Three to concentrate on internal objectives. Or really the Big Two-and-a-half: for the US too is in no position to ignore the dollar.

A Critique of Monetary Policy: Theory and British Experience, by J.C.E. Dow and L.D. Saville, OUP, £25.

Reciprocity and merger policy

From Dr Michael McDermott

Sir, Since July 1984, UK merger policy has been based primarily, though not exclusively, on competition grounds. However, the Monopolies and Mergers Commission's (MMC) decision not to block leveraged bids (for example, Elders for Allied Lyons), and the refusal of the director general of the Office of Fair Trading (OFT) to refer the BT-BP-Bellmer bid to the MMC suggests that UK merger policy is, in fact, based solely on competition grounds.

In this respect, UK merger policy has been clarified as a result of the billion pound takeover bids of recent years. Thus, greater predictability of UK merger policy has been achieved. Therefore it would be unfortunate if the OFT were to refer Nestlé's bid for Rowntree to the MMC.

The fact that Swiss rules render Nestlé bid-proof is irrelevant. A hostile bid for Rowntree by even a UK company would have provoked a campaign for MMC referral. However, the "reciprocity" argument has serious implications for many UK companies - not just Rowntree - and also for UK merger policy.

The huge increase in UK expenditure on US acquisitions has already led to some US politicians arguing for a stand-down on foreign acquisitions. Should Britain demand reciprocity of the Swiss, it can have little complaint if the US demands it of Britain. The US anti-trust authorities could preclude UK acquisitions in the US with such time as UK merger policy-makers adopt the US model.

Michael McDermott, Strathclyde International Business Unit, University of Strathclyde, Stenhouse Building, Glasgow, Scotland.

Letters to the Editor

Spanish banking out of balance

From Dr Nicholas Belford

Sir, It should come as no great surprise to Peter Bruce and David Lascelles ("Forced to Face the Future," May 9) that Mr González "socialist" government has encouraged the concentration of capital banking power in Spain.

The PSOE (Spanish Socialist Workers Party) has had a long tradition of pressing for the rationalisation of the archaic banking structure. Mr Indalecio Prieto, minister of finance in the 1931 Republican government, called for the same - despite his political pedigree as a leading acolyte of the party. Indeed, it has been suggested that, since the dictatorship of Mr Primo de Rivera (1923-30) had attempted - with some success, with the collaboration of "socialist" ministers - to reform the financial system, the PSOE leadership should bring it to a conclusion under more democratic conditions.

The problem, then as now, was the banking system's unbalanced regional structure. The banks in Catalonia were small-scale, less concerned with sponsoring industrial advance than in attracting speculative funds for orgies on the Stock Exchange. The banks in Vizcaya, especially the Banco de Bilbao and the Banco de Vizcaya, were much more directly involved in building up the infrastructure and financing the growth of the iron and steel and metallurgy sectors.

But it is perhaps facile to seek development of the banking system merely through mergers in which significant numbers of Spanish bankers now seem to

believe. During the 1920s many advances occurred without this, noticeably in banking technology, greater participation in industrial growth by banks in Catalonia and the Basque, and the banks participating in the administration of new companies.

The reason would appear to have been not concentration of finance capital, but the stimulus given to the real economy by the quasi-Keynesian public works programmes of dictatorship. This gave rise to a number of new banks devoted to financing the small savings of an overwhelmingly agricultural economy towards reproductive investment, and the establishment of new initiatives by the banks in terms of the industries they were prepared to finance.

This gave rise to a number of new banks devoted to financing the small savings of an overwhelmingly agricultural economy towards reproductive investment, and the establishment of new initiatives by the banks in terms of the industries they were prepared to finance.

The present Socialist government should heed the lessons of the past and not take flight in simple remedies towards the problems of the banking sector. The root of the crisis in Spain can only be tackled by returning to the programme on which they were originally elected.

Nicholas Belford, 32 Osterley Park View Road, Ham Hill, W7

EMS principle is valid worldwide

From Mr W. Grey

Sir, Samuel Brittan concluded his recent rejoinder to Sir Alan Walters about the European Monetary System (EMS) by stressing: "It is not the choice of monetary framework, but sticking to it once chosen" that matters (Economic Viewpoint, May 5).

Would that he had been equally emphatic in sticking to it for the Bretton Woods system, for all its shortcomings, in the face of flexible exchange rates and benign neglect. More important than monetary frameworks, however, are the principles underlying them - it is not simply a case of "my framework right or wrong."

Even if the EMS had not worked in the way Mr Brittan and others have demonstrated, the exchange rate stability to which it is committed is manifestly preferable, on more than microeconomic grounds, to the practice of leaving it to the exchange rate to clear up whatever mess economic policy-makers make on their own and/or blame on each other.

In fact, keeping the exchange rate stable, by a combination of monetary and fiscal policies rather than foreign exchange intervention, is at once an aid to sound economic management and a symbol of it. The same goes for good neighbourliness, too. What is true of the EMS - the European Community, pending the creation of a single European currency, could hardly exist without it - is therefore, with one or two necessary modifications, also true of the international monetary system as a whole.

The EMS may be parochial in form, but its principle is universally valid.

W. Grey, 12 Arden Road, N3

Nuclear investment is a special kind of capital risk

From Dr Dieter Helm

Sir, In commenting on my letter (April 29) concerning nuclear investment appraisal, Mr Jones (Letters, May 9) suggests that I am mistaken as to the nature of the systematic risk in the cost of capital, but that the 10 per cent rate is an inappropriate benchmark. In the same way, 9 per cent, Mr Jones also questions my use of the capital asset pricing model and makes an interesting point about cash-flow analysis.

Mr Jones is entirely correct to point out that, with a permissive regulatory structure, the systematic component can be reduced to a small residual. However, this would require cost-iron cost-plus guarantees from Area Boards to the successor of the Central Electricity Generating Board (CEGB),

as well as commitments by government to take back nuclear sites for decommissioning and to dispose of the spent fuels.

Such a regime might reduce the cost of capital, but it would hardly be desirable on efficiency grounds. The evidence Mr Jones quotes from the US is very relevant to this: the US regulatory structure has many of these cost-plus characteristics, and it is therefore not surprising that the US experiences lower betas than the 10 per cent rate.

Mr Jones also repeats the error of using *ex post* actual rates of return earned in the past for choosing the *ex ante* discount rate in gauging evidence on UK nuclear performance. As I indicated in my letter, this is inappropriate.

Both Mr Jones and Mr Mobbs question my methodology in deriving the cost of capital. The key distinction is between those risks which can be diversified through market portfolios and those which cannot. My argument is that nuclear projects are presently considered have a higher level of undiversifiable risk than does, for example, British Gas - the origin of my suggestion that 10 per cent may be on the low side. Only if the Government assumes these risks, or forces consumers (via the Area Boards) to take on an open-ended commitment to pay the nuclear costs (or "tax") will these risks be offset.

Mr Mobbs also makes the interesting suggestion that cash-flow analysis is the appropriate tool for analysing systematic risk, not the discount rate. In a perfect world with no conflicts of interest and common information between project managers and investors this would of course be the case. However, in reality the presence of such conflicts is endemic to project appraisal; it may well be the case that investors use higher discount rates as a second best method of checking for the presence of "appraisal optimism." There is considerable supporting evidence suggesting that this is by no means rare in larger private sector corporations.

Dieter Helm, Centre for Business Strategy, London Business School, Sussex Place, Regent's Park, NW1

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Janet Bush
on Wall StreetThe crash
with
hindsight

"LIKE A SPANKING to a misbehaving child, the crash returned rationality to an out-of-control market."

With the benefit of hindsight and the sense of calm which often accompanies academic life and which is notably lacking in financial markets, Avner Arbel, Steven Carvell and Erik Postnieks of Cornell University regard the crash as a good thing. In an article in the latest Harvard Business Review, they write of the crash: "Instead of a panic, it was the restoration of sobriety and rationality. Instead of destroying confidence, it restored credibility in the market pricing mechanism. The steep market descent that the world witnessed actually prevented a long, gradual descent. By ending unjustifiably good times, the crash prevented bad times."

This optimism may seem hard to swallow in regional brokerages having to relearn the art of hard sell to get individual investors back into the market and to those investors themselves, smarting from their losses and scared stiff at the very mention of programme trading.

On that subject, Arbel and Carvell, who both served as consultants to the Brady Commission, are unequivocal. Portfolio insurance and programme trading, they say, did not worsen the crash but kept it from lasting longer.

Programme trading creates the ideal conditions for an instantaneous flow of funds across markets and across financial instruments with almost no budget constraints or any other barriers, all characteristics associated with market efficiency.

The authors conclude that the biggest effect of any restrictions on programme trading would be to impede this efficiency.

After last week's announcement by five major brokerages that they were to stop using programmed stock index arbitrage trading on their own account there is likely to be a great deal of discussion about market efficiency. The day the houses made their announcement, the Dow Jones Industrial Average was, as many an equity trader put it, given a psychological boost by the news.

The next day, when the market was hit by heavy selling, the Dow Jones Industrial Average started wondering if the severity of the fall could have been avoided if the major stock index arbitrageurs had been active on their own accounts as well as those of their customers.

The bulk of the paper by Arbel, who is professor of finance at Cornell's school of hotel administration, Carvell, assistant finance professor, and research assistant Postnieks, is devoted to an examination of investor behaviour during the crash. Their findings are striking and, given the impression of chaos and panic in the week of October 19, surprising.

Their research suggests that, far from losing their heads, investors behaved completely rationally and sold stocks on the basis of traditional valuation and risk formulas. "Investors imposed a crisis pricing mechanism that is more consistent with basic financial theory than any pricing mechanism present during the bull market," the authors say.

For example, dividend yield was a major factor. Stocks with high yields lost 21.1 per cent compared with stocks without dividends which lost 32 per cent. Stocks with high price/earnings ratios lost 55 per cent more than those with low p/e. "Once again, those stocks that had strayed farthest from the classical value models were hit hardest." Risk was another major influence in investor behaviour. Companies with more leverage in their capital structure lost more than companies with little debt.

And, interestingly given the current post-crash wave of mergers and restructurings, stocks of companies undergoing restructuring, whose share prices had been bid up in what the authors call "a feeding frenzy," lost much more than the market as a whole during the October crash and, according to the authors, continue to underperform the market.

"Once the stocks were stripped of the speculative veil, their intrinsic value revealed that the market had overpriced the shares and a correction was now in order." All the evidence suggests that, at the very early stages of the crash, investors adopted a "basic no-nonsense valuation approach."

So, investors who had behaved irrationally during the bull market returned to their senses under crisis - the smart crash of October 19, according to the authors. How rational are they now being in staying away from the market altogether?

US computer companies to take on AT&T

BY LOUISE KEMOIE IN SAN FRANCISCO

LEADING US computer industry companies are expected tomorrow to unveil plans in an attempt to usurp the hold of American Telephone and Telegraph, the telecommunications organisation, on the future of an operating system enabling different computers to communicate and share software programs.

Manufacturers are bracing for one of the most hard-fought battles over standards with analysts describing the outcome as likely to have a key impact on future industry rankings.

International Business Machines, Digital Equipment, Hewlett-Packard, Apollo Com-

puter and unidentified followers are believed ready to announce their financial and technical support for the development of a new system - which, as manufacturers, they will all adopt - instead of the version supplied by AT&T and known as Unix.

This is currently used on about 5 per cent of all computers, but is quickly gaining support and is expected to grow faster than any other segment of the industry over the next few years.

By 1992 Unix will be a multi-billion dollar product used on more than 20 per cent of all computers worldwide, according

to a prediction by Dataquest, an industry monitor.

Until now, analysts say, growth of Unix has been stunted because almost every computer manufacturer that uses it has modified it in some way. Consequently, computers which speak different Unix "dialects" have been unable to communicate.

AT&T had hoped to resolve this by developing a standard, unified version of Unix. Initially, this won broad support within the industry, but makers were alienated by AT&T's approach in forming a partnership with Sun Microsystems, a successful and fast-growing maker of computer worksta-

tion.

It chose Sun as the principal developer of the unified Unix, giving rise to objections that this gave Sun an unfair competitive advantage over other Unix users.

Hewlett-Packard, one of the largest sellers of Unix-based computers, calculates that Sun will gain a lead over competitors of six months to a year.

Hewlett and at least a dozen other big computer companies began expressing their concerns early this year, after AT&T announced plans to acquire an equity stake in Sun Microsystems.

Sikh extremists surrender after week-long Golden Temple siege

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN Government yesterday scored a significant victory in its four-year campaign against Sikh extremists in the northern state of Punjab when more than 140, including wanted terrorists, surrendered at the Golden Temple in Amritsar. This ended a seven-day siege by more than 2,000 commandos and paramilitary forces.

Shooting was continuing last night between security forces and more than 70 extremists who had refused to surrender. About 30 to 40 had shut themselves in a small gold shrine located in the middle of a large rectangular pool.

This shrine is the most sacred part of the complex and will be difficult for the security forces to penetrate.

Security is being tightened in New Delhi and elsewhere in case extremist Sikhs try to strike back. More than 400 were arrested in various parts of Punjab as they tried to start protest marches towards Amritsar, but the Government believes that most of the state's Sikh population is in favour of the action against the extremists who are fighting for an independent state called Khalistan.

The next stage of the siege is the most complex and sensitive for the security forces. During the past week's action they have carefully avoided entering the main sacred area because the Government is anxious not to repeat the massive army operation launched inside the temple complex four years ago in which about 1,000 were killed.

That battle caused widespread resentment among India's 12m Sikhs, led to the assassination five months later of Mrs Indira Gandhi, the Prime Minister, and was followed by a massive army sweep through the Punjab countryside which further alienated Sikh youth.

Four years later, the Government no longer imagines that a single operation in the Golden Temple - the Sikhs' most sacred



Paramilitary police guard women and children among Sikh extremists who surrendered yesterday after a week-long siege of the Golden Temple at Amritsar

shrine - can solve the Punjab problem.

More than 1,000 have been killed in the state this year and it is unlikely that a victory in the Golden Temple will do more than remove a small proportion of active extremists.

But the Government does hope that the tide is turning in the state against the extremists and that a victory will make it easier to push ahead with a peace initiative launched more than two months ago by Mr Rajiv Gandhi, the Prime Minister.

For that to happen, however, it is important that Sikh sensitivities should not be offended by the security forces' operations. Mr K. P. S. Gill, the police chief in charge of the operation, is believed to have prepared plans for a sudden final commando raid if necessary. But he hopes that the present policy of shooting at the extremists from rooftops outside the temple complex, and gradually taking over administrative and other less-sacred buildings, will wear the extremists down.

Soviet troops face worst part of Afghan pullout

Continued from Page 1

message read. "The party believes in you and calls you into the forefront of the drive for revolutionary transformations of Soviet society."

The mood of the returning veterans is one of the great uncertainties in the Soviet Union, where Mr Gorbachev's reforms have already caused obvious turmoil in the ranks of the Communist Party.

According to the withdrawal terms negotiated under UN auspices in Geneva last month the Soviet troops will leave within nine months, half going by August 15.

In fact, the withdrawal is expected to be faster than scheduled with a quarter of the troops departing within the next two weeks so they are out by the start of the Moscow summit between Mr Gorbachev and President Reagan on May 23. All the rest of those leaving are likely to be out before the vicious winter sets in on the mountain route to the Soviet border.

However, a question mark remains over how many will leave. Western estimates put Soviet troop strength at 115,000.

The Soviets talk about 90,000 to 100,000. The difference is probably Soviet "advisers" who are expected to remain.

Gulbudin Hekmatyar, leader of the alliance of the seven main resistance groups based in Peshawar on the Pakistani side of the border with Afghanistan, has vowed to attack Soviet withdrawal convoys in spite of concerted efforts by the US and Pakistan to persuade the Mujahideen to let the Soviets get out as quickly and peacefully as possible.

In a joint statement issued a few hours before the pullout began, Moscow and Kabul warned against any continuation of foreign aid to the Muslim rebels.

The warning said the UN withdrawal accords banned interference in Afghan affairs. It appeared aimed at Pakistan, which has hosted the rebels on its territory, and the US, which has supplied them with sophisticated weapons. However, Pakistan has indicated that it will not force the Mujahideen leaders to leave Peshawar although this would be required under strict interpretation of the accords.

Iranian loading can continue say oil officials

IRAQ's attack on Iran's Larak island oil-export operations in the Gulf's Strait of Hormuz is likely to cause some loading delays but unlikely to result in Iran's issuing notices of force majeure, oil industry officials told AP-DJ in Bahrain.

The officials, who are among Iran's crude-oil contract customers, said preliminary damage estimates indicate loading operations at Larak can continue at a reduced rate after two of seven crude-oil storage vessels were severely damaged in the Saturday attack. Three other oil tankers were also damaged.

Iran, which created an offshore oil-export operation around Larak island in 1986 to reduce chances of Iraqi attacks, has an estimated 20m barrels of crude storage capacity in the area, and officials said there should be ample supplies to meet deliveries.

They said that the National Iranian Oil Company had not commented on the attack but that available information in the Gulf indicated that Iran would not be required to issue notices that it cannot meet delivery schedules.

Six ceasefire arrangements by Syrian and Iranian envoys have collapsed and a senior minister from Iran left Beirut for Damascus in dismay over the weekend after Iranian Revolutionary Guards and the local Hizbollah refused to head calls for a truce.

Hizbollah fighters, donning red and black bandanas with the Iranian flag wrapped around their shoulders and chests, punched beyond the westernmost boundaries of the suburb of Bourj al-Barajneh into the area of Imam Rassoul Mosque late last week. This put them into territory abutting the Syrian lines and also on to the main airport road. Control of the road is important because it is Moslem Beirut's main link with the outside world.

Hizbollah fighters manning their most advanced position insisted that Syrian soldiers would not enter except with "agreement of the Iranians and with international guarantees."

This set the scene for confrontation and security officials said 40 Syrian Soviet-made T-64 tanks, scores of trucks and thousands of soldiers arrived from the Bekaa Valley and took up combat positions at key points on the suburbs' western edge over the weekend. Additional reinforcements were seen rolling down the mountain road yesterday.

Brigadier Kanaan told reporters that all the warring factions had been contacted in advance of the deployment.

THE LEX COLUMN

Sorting out the referees

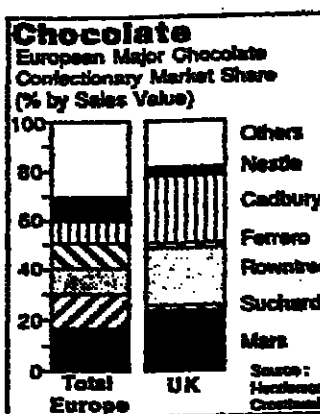
Lurking on the fringes of the debate over Rowntree is a persistent suggestion that British companies are somehow handicapped by British merger policy. In particular, several Government ministers have hinted broadly that Rowntree ought to be allowed to merge with Cadbury to repel the Swiss invader. Beyond that immediate question lie wider issues: first, the shape of competition policy in the unified European market of 1992; second, the older argument on whether the UK should stop fussing over domestic monopolies and get on with building industry groupings which can survive on the world stage.

Some British officials are presently disposed to argue that this is not an issue at all. Their case was lucidly set out last week by Sir Gordon Borrie of the OFT. Merger policy in the UK, he said, is already international in its terms of reference, provided that international competition exists in fact. Two UK makers of automotive bearings were recently allowed to merge, despite their UK market share of 94 per cent, because bearings are an international market. But two funeral undertakers in Scotland were referred, because although they created no monopoly in the UK overall, they would not in fact be up against marauding undertakers from south of the border.

Chocolate soldiers

Measured on the scale between bearings and burynings, there is plainly no case for a merger between Cadbury and Rowntree. There is nothing to stop foreign chocolate coming into the UK, but the fact is that the natives do not like it. Of last year's UK chocolate consumption of 455,000 tonnes, only a net 19,000 tonnes were imported; in recent years, the import share of the UK market has not risen above 5 per cent. Combined, the two companies would have just over 50 per cent of the UK chocolate market, leaving their most formidable competitor, Mars, with less than half that amount.

The counter-argument says that loss of competition in the home market matters less than the ability to compete overseas. United Biscuits, in its unsuccessful fight for control of Imperial Group two years ago argued strongly that the UK needed a world-scale operator in the food industry. But there is scope for confusion here; unlike electronics or pharmaceuticals, where absolute size may well be a condition



of survival, the food industry remains stubbornly fragmented. UK's position as number two in the US biscuit market, for example, results from its purchase in the early 1970s of an established US manufacturer; its own attempts to make Americans eat McVitie's Digestives have come to nothing. If companies such as US or Rowntree stick to what they know, they may remain small enough to run the risk of takeover. But that is not the same as being economically inefficient; rather the reverse, if the premium which Nestle is offering for Rowntree is anything to go by.

European market

The view from Brussels on all this is different again. At present, the Commission can act on mergers only after the event, as was the case in the UK until 1965. Mr Peter Sutherland, the Commissioner in charge of competition, is energetically pushing for a pre-emptive European policy which will take precedence over national authorities such as the OFT or West Germany's Kartellamt. Needless to say, this is vigorously opposed by member governments.

Take, for example, the brewing industry. If the big UK brewers wanted to take advantage of 1992 to snap up their regional competitors - as well they might - it looks at present as if Brussels and the OFT would be at loggerheads. The OFT would argue that because pubs and barrels of beer are not readily exportable commodities, brewing mergers would fall into the category of Scottish funerals. The Commission would reply that a single market is just that, and that attempts to define it on a regional basis would be tantamount to splitting it up into a non-common market again.

In a sense, it is not clear why the two viewpoints should be

opposed. The UK anti-trust authorities, for example, are empowered to consider mergers on both national and regional grounds; the UK company Beam, presently battling to take over Koppers in the US, has received merger clearance on a national basis, but would have to sell off a quarry in California on the grounds that Koppers owns a Californian quarry as well. But then, the states of America have been united for rather longer than the states of Europe, and can take a more relaxed view of things.

Wrong targets

While it is possible to sympathise with both sides in the debate, the trouble is that the Rowntree case is a bad illustration of the issues involved. A dominant position in the UK chocolate market could well be abused because it would take a good deal to make the average UK consumer switch to chocolate from Holland or Belgium. A more pertinent case would be last year's blocked merger of Tate & Lyle and British Sugar, which under European rules would have been hard to oppose; bags of sugar, after all, are much the same wherever they come from.

Returning to the Borrie argument, the real cases for treatment come in the field of heavy industry, where products are swapped around internationally on the basis of specification and price, and scale economies are of central importance. The UK has some notable successes here, such as ICI and Glaxo. But in sectors such as electronics or engineering, further concentration could well lead to greater economic efficiency, from the viewpoint either of Whitehall or of Brussels.

The irony is that the latest bout of British nervousness should have been sparked off in a consumer business like confectionery. In consumer products, promoting brands across national boundaries is notoriously difficult, but the British are rather good at it. The main reason why Nestle and Suchard want Rowntree is not only their failure in Rowntree's home market, but Rowntree's success in theirs. It is worth recalling that the classic global market in consumer durables is wines and spirits. There are four big players in that market, of which one - Seagram - is Canadian. The others are Grand Metropolitan, Allied Lyons and Guinness - all from the UK.

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Chad	C	22	10	10	1010	65	Seoul	C	22	10	10	1010	65
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INTERNATIONAL BONDS

Regulators try to grasp the nettle of acceptable stabilisation

MANFUL SUPPORT or manipulation? The concept of stabilisation in the primary Eurobond market has always called forth a wide range of varying and impassioned semantic interpretations, writes Dominique Jackson.

Trying to come up with one that is universally acceptable will be one of the challenges faced by the joint standing committee of the Association of International Bond Dealers (AIBD) and the International Primary Market Association (IPMA) when it meets for the first time on Wednesday.

Stabilisation - where the lead manager supports the price of a new issue by buying it in the market - is a long-standing bone of contention and has just been theoretically outlawed in the UK under section 47 of the Financial Services Act.

Now the AIBD, which oversees secondary market trading, and IPMA, the new issues market advisory body, have joined forces to draw up rules for the primary market designed to meet Britain's new regulatory framework.

However, syndicate managers remain sceptical about their chances of success in enforcing further regulation on the Eurobond market which has grown up largely outside, some might say

above, any regulatory net.

With the implementation of the Financial Services Act, stabilisation became an offence punishable with a fine and a prison sentence of up to seven years unless carried out on a designated exchange. Although the AIBD was recently accorded this status, IPMA - whose guidelines cover the new issue of Eurobonds - has no plans to become an exchange. Consequently, when the Act came into force on April 28, a set of transitional guidelines had to be hurriedly drawn up to permit stabilisation to continue.

These will be replaced in October by new regulations drafted by the joint committee with the objective of increasing transparency and curbing some of the more flagrant excesses perpetrated by lead managers in the cause of stabilisation.

The transitional rules effectively provide a clearly worded summary of most current acceptable stabilisation practices in frequent use. Certain practices, such as the keeping of detailed records of all transactions undertaken to support new issues, have now become obligatory.

However, as the majority of large houses already keep such a record, the interim measures have barely altered the status

quo.

Within the market itself, stabilisation would appear to be far less clear-cut. "Does it imply smoothing initial distribution of an issue, does it mean bailing out lazy co-managers or does it mean that the lead manager becomes little more than the buyer of last resort?" asked one syndicate manager.

While a bond is still deemed to be in the primary market, the lead manager traditionally posts a price with the broker at a level which should give the members of the underwriting group a fair chance to sell the bonds on to end-investors.

"If you don't support your deal, there is no incentive for your underwriters who can buy the bonds even cheaper in the market, you alienate investors who have bought in good faith and last but not least, you upset your borrower," commented another.

Since the recent shakeout in the market, with several houses forced out of business by fierce competition and shrinking margins, support of new issues has become even more crucial.

"It is no longer possible to bring a mispriced deal and just throw it out into the market. Not if you want your subsequent deals to survive. Houses that con-

sistently let their deals drop like lead weights are walking on thin ice," one syndicate manager noted with a flourish of metaphors.

This view is not held by everybody in the market, however. An official at another house commented: "The game is to make money and if people want to panic and offload their allotment, that is their view and not ours. By doing that, they are just letting us and others come back in to pick up the paper at attractively low levels."

Credit Suisse First Boston attracted some criticism last week by apparently declining to lend any support to two new

issues, a C\$100m five-year deal for Landesbank Schleswig Holstein and a £75m straight bond-cum-floating rate note for Banco di Roma. The first was deemed aggressively priced while several people apparently had problems with both the unusual structure and the less than attractive borrower name on the second deal.

The issues fell, to trade well outside their fees after launch. However, by the end of the week they had recovered somewhat to levels closer to, but still not back inside, their fees.

The stabilisation policy of every house is bound to differ in some respect and is naturally determined by the character of each individual issue. The applause accorded for Baring Brothers' action to short-squeeze sellers of its recent £75m issue for Societe Nationale des Chemins de Fer indicates the market's reluctance to have their scope to stabilise issues curtailed in any way.

Nevertheless, tighter guidelines would make such strategies very risky in the future.

Most syndicate managers agreed that clearer rules would be helpful to eradicate what they saw as the unacceptable face of stabilisation. Others argued that more realistic pricing of new issues would do away with the

need for extreme measures such as aggressive shorting of bear sellers.

However, this seems somewhat utopian given that the pricing of so many deals is now largely determined by factors such as borrower relationships, available swap rates or merely the manic compulsion to clock up the most deals, be they good, bad or indifferent.

The new regulations themselves should hopefully go some way to redressing this. As the authorities' eyes get keener, many syndicates will be discouraged from coldly and cynically bringing mispriced issues which they had previously been able to stash quietly away in their own accounts after a respectable period.

It should also make life easier for many beleaguered underwriters who until now have been effectively unable to call the lead manager to account for exactly how, when and where the underwriters' money has been spent.

There remains, however, a tangible indignation that the Eurobond market is being drawn under the same regulatory net as other parts of the securities industry. Many syndicate managers argue that the new regulatory framework was devised to protect

mainly the smaller investors who have never been able to play the Eurobond market.

"It's all very well to try and protect the widows and orphans but this market has always and will always be run by professionals who are hardly in need of this kind of protection," commented one. Complaints about the sudden huge increase in paperwork are also frequent.

The UK Government has recently been subjected to intense pressure about the severity of the new regulations which are seen as harmful to the offshore securities industry and many Eurobond market operators are still hopeful that some exemptions from the tighter rulings will be forthcoming.

The co-operation between the AIBD and IPMA is expected to instil a modicum of discipline into what has historically often been a free-wheeling sector of the market, and both organisations have undertaken to draft a set of fairly stringent regulations. However, these are unlikely to be watertight and the Eurobond market, with its reputation for innovation and versatility in the face of a challenge, is unlikely to delay exploiting any possible loopholes.

More Texas financial institutions in trouble

By Janet Bush in New York

SIGNS ARE emerging of deepening troubles at Texas savings institutions, adding to continuing problems with many of the state's banks.

At the weekend First Republic Bank, which received \$1bn in emergency aid from the Federal Deposit Insurance Corporation (FDIC) in March, said it had suspended payments on \$1.3bn in long-term debt, a move which is expected to save \$78m in annual interest payments.

First Republic Bank is the largest banking company in Texas with \$28.1bn in assets. The FDIC is now searching for bidders to buy the bank, which became insolvent after losing \$1.5bn in the first quarter.

There were also reports that Sunbelt Savings Association, of Texas lost about \$1.2bn in the first quarter and may have to be bailed out. Sunbelt is one of the largest savings and loans institutions in the state with \$3.3bn in assets at the end of last year. By regulators' measurements, Sunbelt had a negative net worth at the end of December of \$447.8m.

According to the Federal Savings and Loan Insurance Corporation (FSLIC), the Texas savings and loans industry had a negative net worth of \$10.1bn at the end of last year, widened from a negative \$1.1bn a year earlier.

Mounting losses at thrift institutions have prompted speculation that the FSLIC will have to ask Congress for another infusion of capital. Only last summer, Congress voted for a \$10.8bn infusion into the FSLIC.

Regulators at the Federal Home Loan Bank Board (FHLBB) in Washington announced at the weekend the first of many mergers planned for the next two years to consolidate about 140 Texan savings institutions into around 30 stronger companies.

EUROCREDITS

Banks shift back to the centre stage of international finance

AS ANYBODY who follows the business will know, banks have been taking advantage of the retreat of the securities markets and moving back to centre stage in international finance, writes Stephen Miller.

The extent to which this is a permanent shift is a question that occupies many banks and securities houses. The Bank of England last week contributed its view to this debate in its Quarterly Bulletin - together with a quiet word of warning to the banks in the business.

At times of economic instability, banks naturally assume a greater role in the intermediation

of funds, in part because of their superior analysis of credit quality and because their sources of funds are more secure than bond investors.

Yet, much of the growth in syndicated credits - \$88bn announced in 1987 against \$30bn the year before - has been in multi-option facilities (MOFs).

standby arrangements which imply a role for security issues such as commercial paper.

The Bank also notes there is still capacity to borrow through large and liquid bond issues, and domestic markets have seemed more resilient than international markets. "As a result, there may

be only a partial shift in the focus of intermediation back to banking," the Bank concludes.

The Bank also suggests that, in contrast to the bond markets, the syndicated credit market is failing to distinguish adequately between different quality credits. "Risks may be, to some extent, underpriced," it says.

In a discussion of multi-option facilities, the Bank comments on "a danger that tightly-priced MOFs will be drawn most heavily when market liquidity is tight and at a time when the pricing of the MOF will be furthest out of line with prevailing market conditions."

Further evidence emerges every week of the way bankers are willing to structure and syndicate financings which might a couple of years ago have been the prerogative of the securities houses.

In France, a \$1.2bn management buyout of Darty, the French electrical retailer, is expected to be financed largely by a syndicated bank credit through Credit Lyonnais.

In fact, the syndication - thought to be over 12 years at a fixed rate - looks very much like a private bond placement among banks.

The shifting by Elders IXL of

5,000 UK public houses to a joint venture company between it and Hudson Conway, an Australian property group, is being financed partly by a non-recourse loan of about \$260m. This financing is likely to reach the market over the next two weeks, with Citicorp and Credit Suisse First Boston tipped to be leading it.

Italian borrowers seem to be returning to the market. Autostar, the Italian motorway concern, said to have awarded a mandate to three banks to raise an Ecu200m loan, over nine years.

The banks are Banca Commerciale Italiana, Dai-ichi Kangyo,

and Citicorp. It carries a margin of 15 basis points for the first seven years and 17½ basis points for the last two.

Credit Lyonnais has launched a \$200m, five-year MOF for Renault Vehicules Industriels, the truck manufacturer, which carries a 16 basis point facility fee, and a margin of 15 basis points for Eurocurrencies and 20 basis points for French francs.

Schroders said it is raising a \$55m facility for Colonial Mutual, Australia's third largest life assurance company. It carries a margin of 30 basis points and a commitment fee of 12½ basis points.

Merrill Lynch launched a \$75m facility for Bangkok Bank with an underwriting fee of 6½ basis points, a margin of 6½ basis points and fees of 6½ basis points for any amount drawn over 50 per cent.

Manufacturers Hanover, whose deal for CIT Group was raised to \$300m from \$250m, is expected to launch a deal this week for Sparbanken Midt-Norge, Norway's second largest savings bank.

The facility fee is 10 basis points, and the margin 12½, with utilisation fees of 5 basis points if more than half drawn and of 10 basis points if drawn more than 75 per cent.

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Crédit Industriel et Commercial de Paris

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Kredietbank S.A. Luxembourgeoise

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Standard Chartered Bank

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Cassa di Risparmio di Padova e Rovigo

Cassa di Risparmio di Roma

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March 1988

All these securities having been sold, this announcement appears as a matter of record only.

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May, 1988

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INTERNATIONAL CAPITAL MARKETS

Speculators count losses on Staley

BY CLAY HARRIS

SPECULATORS in the shares of Staley Continental, the US corn syrup group which has accepted an increased \$1.48bn takeover bid from UK sugar refiner Tate & Lyle, will be counting their losses when Wall Street opens today.

Mr Neil Shaw, Tate chairman, said yesterday he did not expect any late bids to emerge to challenge the deal, which will make Tate the largest US producer of sweeteners, or to rescue the arbitrageurs who hold up to 80 per cent of Staley's shares.

Staley's unanimous recommendation of Tate's new \$36 1/4 share bid, announced late on Friday, means that almost anyone who has bought into Staley in the past four weeks faces a loss, in some cases as much as 24 per share.

However, those who held shares in Staley - a long-time bid target - before Tate

launched its initial offer of \$32 on April 8 and resisted piling in afterwards have made a healthy profit. Staley shares have traded as low as \$16 1/4 within the past 12 months.

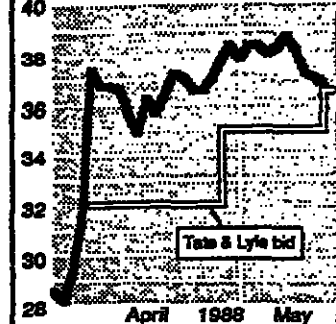
Under the terms of the agreement with Tate, Staley is forbidden from soliciting or encouraging other bids, although it would be required to consider any which materialised.

Since Staley failed to come up with an alternative to Tate in a month of studying leveraged buy-out and recapitalisation possibilities and holding takeover talks with third parties, Mr Shaw said it was unlikely anyone would now mount a higher offer.

"We made sure our original offer was just above the calculations of the break-up artists," Mr Shaw said.

Although Tate's offer does not close until May 27, a team from the UK company will move into

Staley Continental Share Price (\$)



Staley later this week to get to grips with the group's financial systems.

Mr Shaw said a new chief executive for Staley was likely to be appointed from within the ranks of the US company's operating

management. However, few of the top executives at Staley's suburban Chicago headquarters, which Tate plans to close, are expected to remain.

Tate's agreement to observe the "golden parachute" contracts for Staley's departing directors and senior managers will cost between \$65m and \$100m. It expects many less senior employees to forgo their "tin parachutes" and stay with Staley.

Tate intends to sell CFS Continental, Staley's food distribution subsidiary, through an auction handled by Morgan Stanley, its US adviser. Tate expects to complete the disposal for at least \$600m before the end of its financial year on September 30.

By winning Staley's recommendation, Tate ironically is now shielded by the very Delaware anti-takeover law which it had unsuccessfully challenged in the state's courts.

Mitel cuts losses to C\$24m

By David Owen in Toronto

MITEL, the Canadian telephone exchange switch manufacturer which is 51 per cent owned by British Telecom, has reported a reduced deficit for its year ended March 25.

Net losses totalled C\$24.3m (US\$19.7m) or 38 cents a share, compared with C\$51.5m C\$1.10 in the year ended March 1987. Revenues fell by 7.5 per cent to C\$419.2m from C\$453.4m.

Figures for the latest period include a C\$8.3m extraordinary gain. Also included are unusual losses of C\$20.7m, which have been incurred or are expected in connection with a previously announced plan to streamline operations. In March, Mitel said it was to shed 410 employees, close to 10 per cent of its international workforce.

The previous year's result had included an extraordinary loss of C\$41.5m.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Bank names	Yield %
US DOLLARS							
Nissin Food Products	300	1993	5	4	100	Monnet Ind.	4.500
Nissin Food Products	100	1993	5	4	100	Yamaguchi Ind.	4.500
Nissan Electric Railway	150	1993	5	4	100	Nikko Sec.	4.500
Yamaguchi Pharm.	300	1993	5	4	100	Nikko Sec.	4.500
CANADIAN DOLLARS							
LB Schlegel-Holstein	100	1993	5	10 1/2	101 1/2	CSF	4.447
Mass Transit Hwy Corp	100	1991	5	10	101 1/2	Citicorp Inc. Bk	4.453
Toyota Motor Credit Corp	100	1991	5	10	101 1/2	J P Morgan Sec.	4.453
SWISS FRANCES							
Rural Ind. Bk. W. Aust.	80	1993	5	4 1/2	101 1/2	Barclays Bank	4.500
Karagane Kazakhstan	20	1993	5	4 1/2	100	Rural Trust Bk	4.500
Japan Fin. Corp. Intl. Est.	100	2000	5	4 1/2	100 1/2	US	4.500
New Brunswick Electric	75	1992	5	4	101 1/2	Credit Suisse	4.500
YEN							
Tokai-Mitsubishi Bk	100	1993	5	5	101 1/2	Monnet Ind.	4.572
Tokai-Mitsubishi Bk	100	1993	5	5	101 1/2	Monnet Ind.	4.572
Tokai-Mitsubishi Bk	100	1993	5	5	101 1/2	Monnet Ind.	4.572
Tokai-Mitsubishi Bk	100	1993	5	5	101 1/2	Monnet Ind.	4.572
Tokai-Mitsubishi Bk	100	1993	5	5	101 1/2	Monnet Ind.	4.572
STERLING							
English China Clay	40	2003	15	6 1/2	100	Schroder Wagg	4.500
Center Parcs	60	1998	18	6 1/2	100	Morgan Grenfell	4.500
National Mutual Grp Fin.	120	1993	5	10	100 1/2	CSF	4.500
Banco di Roma	75	1993	5	10 1/2	101 1/2	CSF	4.500
John Meillon	50	2013	25	11 1/2	101 1/2	Kleinwort Benson	11.300
Halifax Building Soc.	200	1998	10	6	100	CSF	4.572

UBS bonds chief quits London for Zurich

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

IT IS 32 years since Mr Armin Mattie left Switzerland for London to embark on a career in the securities business. Now he is returning to Zurich to head the capital markets department at the head office of Union Bank of Switzerland.

Thus another senior figure in the Eurobond market departs from London, although he will not be withdrawing from the Eurobond business altogether. His new position, which he will take up in August, will give him responsibility for both international and the Swiss domestic bond markets, as well as the bank's corporate finance business.

Mr Mattie, 53, heads UBS's London securities subsidiary which he was appointed to set up in 1974. He was a founder member of the Association of International Bond Dealers.

His spell as chairman of the International Primary Market Association has been marked by the efficiency for which he is renowned. Ironically, his firm has often in recent years been at the centre of primary market controversy over the way it has distributed, or rather not distributed, underwriting commissions to co-managers of Eurobond issues.

He has been at the centre of the Eurobond market since the US interest equalisation tax of 1963 first spurred its growth. As a result, he is sceptical about the likelihood of realistic pricing of new Eurobonds (of which there have been some examples in recent months) becoming a permanent feature of the market.

"It's not necessarily because there are too many houses. It's more to do with the way that the houses have been operating.

They have aggressively gone for lead management positions for all sorts of reasons including perceived borrower relationships and league table positions, and they have sacrificed profitability.

However, he sees interesting developments ahead in the Swiss market. "While I'm giving up a lot of interesting things in London, the Swiss capital market has become very liberal compared to what it was five or more years ago. There will be further changes in the years to come. I think we have now got a momentum that will carry us forward quite rapidly."

He doubts the Swiss franc will become a Eurocurrency any time soon, "but there are very strong possibilities that the turnover tax will be abolished within the year and that has been a factor which has severely hindering the Swiss market."



Armin Mattie: "Traders have sacrificed profitability"

Osaka Sanso 76% ahead

PRE-TAX profits of Osaka Sanso (OSK), the Japanese industrial gases company in which BOC Group of the UK has a controlling interest, surged 76 per cent in the six months to March to reach ¥818m (¥6.57m), writes Ian Rodger in Tokyo.

The company is forecasting an even stronger recovery in the second half, thanks to a recovery in

the steel and semiconductor related industries and the fruits of rationalisation programmes.

Pre-tax profits in the full year to September are likely to more than double to ¥1.6bn.

Sales in the first half rose 12 per cent to ¥21.2bn and are forecast to rise 11 per cent to ¥22bn in the full year.

New head for Perwaga

THE MALAYSIAN Government has appointed Datuk Eric Chia, a leading industrialist, to head Perwaga Steel, the trouble-plagued L2m ringit (US\$463m) government steel project, writes Wong Sulong in Kuala Lumpur.

Datuk Eric, chief executive of United Motor Works, was selected by Dr Mahathir Mohamad, the Prime Minister, who is

alarmed at heavy losses incurred by the project.

Perwaga, in the east coast state of Trengganu, is one of many heavy industrial projects set up under Dr Mahathir. It has lost more than 400m ringit since operations began three years ago. The complex will now be hived off from the Heavy Industries Corporation (Hicom).

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LONDON RECENT ISSUES

EQUITIES

Stock	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	5
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LONDON SHARE SERVICE

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LONDON SHARE SERVICE

AMERICANS—Contd

Symbol	Price & Chg.	Div Yield	Yrly Inc	Last Sale	Perk Payout	Div Inc
154511 SkyCity Continental	19 7/8		2.22			
154512 SkyCity Continental	29 1/8	3.03	5.5	Mar 30 Se	41	42
154513 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154514 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154515 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154516 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154517 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154518 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154519 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154520 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154521 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154522 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154523 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154524 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154525 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154526 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154527 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154528 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154529 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154530 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154531 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154532 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154533 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154534 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154535 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154536 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154537 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154538 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154539 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154540 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154541 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154542 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154543 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154544 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154545 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154546 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154547 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154548 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154549 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154550 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154551 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154552 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154553 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154554 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154555 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154556 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154557 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154558 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154559 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154560 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154561 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154562 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154563 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154564 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154565 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154566 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154567 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154568 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154569 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154570 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154571 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154572 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154573 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154574 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154575 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154576 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154577 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154578 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154579 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154580 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154581 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154582 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154583 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154584 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154585 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154586 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154587 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154588 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154589 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154590 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154591 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154592 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154593 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154594 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154595 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154596 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154597 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154598 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154599 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154600 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154601 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154602 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154603 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154604 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154605 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154606 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154607 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154608 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154609 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154610 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154611 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154612 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154613 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154614 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154615 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154616 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154617 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154618 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154619 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154620 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154621 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154622 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154623 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154624 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154625 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154626 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154627 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154628 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154629 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154630 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154631 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154632 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154633 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154634 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154635 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154636 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154637 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154638 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154639 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154640 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154641 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154642 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154643 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154644 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154645 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154646 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154647 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154648 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154649 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154650 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154651 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154652 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
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154655 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154656 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154657 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154658 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154659 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154660 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154661 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154662 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154663 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154664 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154665 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154666 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154667 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154668 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154669 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154670 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154671 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154672 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154673 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154674 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154675 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154676 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154677 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154678 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154679 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154680 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154681 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154682 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154683 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154684 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154685 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
154686 TRW Inc	22 1/2	3.03	6.5	Mar 30 Se	41	42
15						

CANADIANS

[illegible]

BANKS, HP & LEASING

Symbol	Stock	Price	% Chg	High	Low	Volume	Market
161	161 ZAR SA	267	0.0	267	267	1	Feb. July
162	162 ZAR SA	267	0.0	267	267	1	Feb. July
163	163 ZAR SA	267	0.0	267	267	1	Feb. July
164	164 ZAR SA	267	0.0	267	267	1	Feb. July
165	165 ZAR SA	267	0.0	267	267	1	Feb. July
166	166 ZAR SA	267	0.0	267	267	1	Feb. July
167	167 ZAR SA	267	0.0	267	267	1	Feb. July
168	168 ZAR SA	267	0.0	267	267	1	Feb. July
169	169 ZAR SA	267	0.0	267	267	1	Feb. July
170	170 ZAR SA	267	0.0	267	267	1	Feb. July
171	171 ZAR SA	267	0.0	267	267	1	Feb. July
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337	337 ZAR SA	267	0.0	267	267	1	Feb. July
338	338 ZAR SA	267	0.0	267	267	1	Feb. July
339	339 ZAR SA	267	0.0	267			

Hire Purchase, Leasing, etc.

37.01CLP 50p	182	1.74	1.41	11.4	October	219
36.61B's (Mega) 10p	62	2.5	5.21	3	May/Oct	220
51.67C's 8c or Fr. 100p	536	1.3	2.7	9.5	May	220
7.23Mentor & Gen 50p	31	11.05	4.9	11	Jan/Oct	220
36.71Montague Merc. 10p	138	4.2	1.9	25.1	Feb/Oct	341
177.01Ref. Financial	359	16.0	5.3	3	Oct/Apr	577
9.30Reflex Inv. 10p	80	102.8	1.6			399
148.51Woodchester R20p	145	18.65	1.1	11.4	Jan/Dec	148

BEERS, WINES & SPIRITS

290	121	Belled - yone	484	17.5	77.12	July
291	122	Belled - yone	484	17.5	77.12	July
292	123	Belled - yone	484	17.5	77.12	July
293	124	Belled - yone	484	17.5	77.12	July
294	125	Belled - yone	484	17.5	77.12	July
295	126	Belled - yone	484	17.5	77.12	July
296	127	Belled - yone	484	17.5	77.12	July
297	128	Belled - yone	484	17.5	77.12	July
298	129	Belled - yone	484	17.5	77.12	July
299	130	Belled - yone	484	17.5	77.12	July
300	131	Belled - yone	484	17.5	77.12	July
301	132	Belled - yone	484	17.5	77.12	July
302	133	Belled - yone	484	17.5	77.12	July
303	134	Belled - yone	484	17.5	77.12	July
304	135	Belled - yone	484	17.5	77.12	July
305	136	Belled - yone	484	17.5	77.12	July
306	137	Belled - yone	484	17.5	77.12	July
307	138	Belled - yone	484	17.5	77.12	July
308	139	Belled - yone	484	17.5	77.12	July
309	140	Belled - yone	484	17.5	77.12	July
310	141	Belled - yone	484	17.5	77.12	July
311	142	Belled - yone	484	17.5	77.12	July
312	143	Belled - yone	484	17.5	77.12	July
313	144	Belled - yone	484	17.5	77.12	July
314	145	Belled - yone	484	17.5	77.12	July
315	146	Belled - yone	484	17.5	77.12	July
316	147	Belled - yone	484	17.5	77.12	July
317	148	Belled - yone	484	17.5	77.12	July
318	149	Belled - yone	484	17.5	77.12	July
319	150	Belled - yone	484	17.5	77.12	July
320	151	Belled - yone	484	17.5	77.12	July
321	152	Belled - yone	484	17.5	77.12	July
322	153	Belled - yone	484	17.5	77.12	July
323	154	Belled - yone	484	17.5	77.12	July
324	155	Belled - yone	484	17.5	77.12	July
325	156	Belled - yone	484	17.5	77.12	July
326	157	Belled - yone	484	17.5	77.12	July
327	158	Belled - yone	484	17.5	77.12	July
328	159	Belled - yone	484	17.5	77.12	July
329	160	Belled - yone	484	17.5	77.12	July
330	161	Belled - yone	484	17.5	77.12	July
331	162	Belled - yone	484	17.5	77.12	July
332	163	Belled - yone	484	17.5	77.12	July
333	164	Belled - yone	484	17.5	77.12	July
334	165	Belled - yone	484	17.5	77.12	July
335	166	Belled - yone	484	17.5	77.12	July
336	167	Belled - yone	484	17.5	77.12	July
337	168	Belled - yone	484	17.5	77.12	July
338	169	Belled - yone	484	17.5	77.12	July
339	170	Belled - yone	484	17.5	77.12	July
340	171	Belled - yone	484	17.5	77.12	July
341	172	Belled - yone	484	17.5	77.12	July
342	173	Belled - yone	484	17.5	77.12	July
343	174	Belled - yone	484	17.5	77.12	July
344	175	Belled - yone	484	17.5	77.12	July
345	176	Belled - yone	484	17.5	77.12	July

BUILDING TIMBER ROADS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

70. Shirley Ann 10-11-58	378	96.0	2,201.17	Aug	Feb	1252
111 Hamber Dan 28-10-59	379	95.0	2,185.81	Aug	Feb	1253
22. John 10-11-59	380	94.0	2,170.45	Aug	Feb	1254
23. Do 10-11-59	381	93.0	2,155.10	Aug	Feb	1255
23. Do 10-11-59	382	92.0	2,139.74	Aug	Feb	1256
5. Heather Ann	383	91.0	2,124.39	Aug	Feb	1257
64. Do 10-11-59	384	90.0	2,109.03	Aug	Feb	1258
1. Do 10-11-59	385	89.0	2,093.68	Aug	Feb	1259
7. Do 10-11-59	386	88.0	2,078.32	Aug	Feb	1260
7. Do 10-11-59	387	87.0	2,062.97	Aug	Feb	1261
42. Do 10-11-59	388	86.0	2,047.61	Aug	Feb	1262
42. Do 10-11-59	389	85.0	2,032.26	Aug	Feb	1263
42. Do 10-11-59	390	84.0	2,016.90	Aug	Feb	1264
42. Do 10-11-59	391	83.0	2,001.55	Aug	Feb	1265
42. Do 10-11-59	392	82.0	1,986.19	Aug	Feb	1266
42. Do 10-11-59	393	81.0	1,970.84	Aug	Feb	1267
42. Do 10-11-59	394	80.0	1,955.48	Aug	Feb	1268
42. Do 10-11-59	395	79.0	1,940.13	Aug	Feb	1269
42. Do 10-11-59	396	78.0	1,924.77	Aug	Feb	1270
42. Do 10-11-59	397	77.0	1,909.42	Aug	Feb	1271
42. Do 10-11-59	398	76.0	1,894.06	Aug	Feb	1272
42. Do 10-11-59	399	75.0	1,878.71	Aug	Feb	1273
42. Do 10-11-59	400	74.0	1,863.35	Aug	Feb	1274
42. Do 10-11-59	401	73.0	1,848.00	Aug	Feb	1275
42. Do 10-11-59	402	72.0	1,832.64	Aug	Feb	1276
42. Do 10-11-59	403	71.0	1,817.29	Aug	Feb	1277
42. Do 10-11-59	404	70.0	1,801.93	Aug	Feb	1278
42. Do 10-11-59	405	69.0	1,786.58	Aug	Feb	1279
42. Do 10-11-59	406	68.0	1,771.22	Aug	Feb	1280
42. Do 10-11-59	407	67.0	1,755.87	Aug	Feb	1281
42. Do 10-11-59	408	66.0	1,740.51	Aug	Feb	1282
42. Do 10-11-59	409	65.0	1,725.16	Aug	Feb	1283
42. Do 10-11-59	410	64.0	1,709.80	Aug	Feb	1284
42. Do 10-11-59	411	63.0	1,694.45	Aug	Feb	1285
42. Do 10-11-59	412	62.0	1,679.09	Aug	Feb	1286
42. Do 10-11-59	413	61.0	1,663.74	Aug	Feb	1287
42. Do 10-11-59	414	60.0	1,648.38	Aug	Feb	1288
42. Do 10-11-59	415	59.0	1,633.03	Aug	Feb	1289
42. Do 10-11-59	416	58.0	1,617.67	Aug	Feb	1290
42. Do 10-11-59	417	57.0	1,602.32	Aug	Feb	1291
42. Do 10-11-59	418	56.0	1,586.96	Aug	Feb	1292
42. Do 10-11-59	419	55.0	1,571.61	Aug	Feb	1293
42. Do 10-11-59	420	54.0	1,556.25	Aug	Feb	1294
42. Do 10-11-59	421	53.0	1,540.90	Aug	Feb	1295
42. Do 10-11-59	422	52.0	1,525.54	Aug	Feb	1296
42. Do 10-11-59	423	51.0	1,510.19	Aug	Feb	1297
42. Do 10-11-59	424	50.0	1,494.83	Aug	Feb	1298
42. Do 10-11-59	425	49.0	1,479.48	Aug	Feb	1299
42. Do 10-11-59	426	48.0	1,464.12	Aug	Feb	1300
42. Do 10-11-59	427	47.0	1,448.77	Aug	Feb	1301
42. Do 10-11-59	428	46.0	1,433.41	Aug	Feb	1302
42. Do 10-11-59	429	45.0	1,418.06	Aug	Feb	1303
42. Do 10-11-59	430	44.0	1,402.70	Aug	Feb	1304
42. Do 10-11-59	431	43.0	1,387.35	Aug	Feb	1305
42. Do 10-11-59	432	42.0	1,371.99	Aug	Feb	1306
42. Do 10-11-59	433	41.0	1,356.64	Aug	Feb	1307
42. Do 10-11-59	434	40.0	1,341.28	Aug	Feb	1308
42. Do 10-11-59	435	39.0	1,325.93	Aug	Feb	1309
42. Do 10-11-59	436	38.0	1,310.57	Aug	Feb	1310
42. Do 10-11-59	437	37.0	1,295.22	Aug	Feb	1311
42. Do 10-11-59	438	36.0	1,279.86	Aug	Feb	1312
42. Do 10-11-59	439	35.0	1,264.51	Aug	Feb	1313
42. Do 10-11-59	440	34.0	1,249.15	Aug	Feb	1314
42. Do 10-11-59	441	33.0	1,233.80	Aug	Feb	1315
42. Do 10-11-59	442	32.0	1,218.44	Aug	Feb	1316
42. Do 10-11-59	443	31.0	1,203.09	Aug	Feb	1317
42. Do 10-11-59	444	30.0	1,187.73	Aug	Feb	1318
42. Do 10-11-59	445	29.0	1,172.38	Aug	Feb	1319
42. Do 10-11-59	446	28.0	1,157.02	Aug	Feb	1320
42. Do 10-11-59	447	27.0	1,141.67	Aug	Feb	1321
42. Do 10-11-59	448	26.0	1,126.31	Aug	Feb	1322
42. Do 10-11-59	449	25.0	1,110.96	Aug	Feb	1323
42. Do 10-11-59	450	24.0	1,095.60	Aug	Feb	1324
42. Do 10-11-59	451	23.0	1,080.25	Aug	Feb	1325
42. Do 10-11-59	452	22.0	1,064.89	Aug	Feb	1326
42. Do 10-11-59	453	21.0	1,049.54	Aug	Feb	1327
42. Do 10-11-59	454	20.0	1,034.18	Aug	Feb	1328
42. Do 10-11-59	455	19.0	1,018.83	Aug	Feb	1329
42. Do 10-11-59	456	18.0	1,003.47	Aug	Feb	1330
42. Do 10-11-59	457	17.0	988.11	Aug	Feb	1331
42. Do 10-11-59	458	16.0	972.76	Aug	Feb	1332
42. Do 10-11-59	459	15.0	957.40	Aug	Feb	1333
42. Do 10-11-59	460	14.0	942.05	Aug	Feb	1334
42. Do 10-11-59	461	13.0	926.69	Aug	Feb	1335
42. Do 10-11-59	462	12.0	911.34	Aug	Feb	1336
42. Do 10-11-59	463	11.0	895.98	Aug	Feb	1337
42. Do 10-11-59	464	10.0	880.63	Aug	Feb	1338
42. Do 10-11-59	465	9.0	865.27	Aug	Feb	1339
42. Do 10-11-59	466	8.0	849.92	Aug	Feb	1340
42. Do 10-11-59	467	7.0	834.56	Aug	Feb	1341
42. Do 10-11-59	468	6.0	819.21	Aug	Feb	1342
42. Do 10-11-59	469	5.0	803.85	Aug	Feb	1343
42. Do 10-11-59	470	4.0	788.50	Aug	Feb	1344
42. Do 10-11-59	471	3.0	773.14	Aug	Feb	1345
42. Do 10-11-59	472	2.0	757.79	Aug	Feb	1346
42. Do 10-11-59	473	1.0	742.43	Aug	Feb	1347
42. Do 10-11-59	474	0.0	727.08	Aug	Feb	1348
42. Do 10-11-59	475	0.0	711.72	Aug	Feb	1349
42. Do 10-11-59	476	0.0	696.37	Aug	Feb	1350
42. Do 10-11-59	477	0.0	681.01	Aug	Feb	1351
42. Do 10-11-59	478	0.0	665.66	Aug	Feb	1352
42. Do 10-11-59	479	0.0	650.30	Aug	Feb	1353
42. Do 10-11-59	480	0.0	634.95	Aug	Feb	1354
42. Do 10-11-59	481	0.0	619.59	Aug	Feb	1355
42. Do 10-11-59	482	0.0	604.24	Aug	Feb	1356
42. Do 10-11-59	483	0.0	588.88	Aug	Feb	1357
42. Do 10-11-59	484	0.0	573.53	Aug	Feb	1358
42. Do 10-11-59	485	0.0	558.17	Aug	Feb	1359
42. Do 10-11-59	486	0.0	542.82	Aug	Feb	1360
42. Do 10-11-59	487	0.0	527.46	Aug	Feb	1361
42. Do 10-11-59	488	0.0	512.11	Aug	Feb	1362
42. Do 10-11-59	489	0.0	496.75	Aug	Feb	1363
42. Do 10-11-59	490	0.0	481.40	Aug	Feb	1364
42. Do 10-11-59	491	0.0	466.04	Aug	Feb	1365
42. Do 10-11-59	492	0.0	450.69	Aug	Feb	1366
42. Do 10-11-59	493	0.0	435.33	Aug	Feb	1367
42. Do 10-11-59	494	0.0	419.98	Aug	Feb	1368
42. Do 10-11-59	495	0.0	404.62	Aug	Feb	1369
42. Do 10-11-59	496	0.0	389.27	Aug	Feb	1370
42. Do 10-11-59	497	0.0	373.91	Aug	Feb	1371
42. Do 10-11-59	498	0.0	358.56	Aug	Feb	1372
42. Do 10-11-59	499	0.0	343.20	Aug	Feb	1373
42. Do 10-11-59	500	0.0	327.85	Aug	Feb	1374
42. Do 10-11-59	501	0.0	312.49	Aug	Feb	1375
42. Do 10-11-59	502	0.0	297.14	Aug	Feb	1376
42. Do 10-11-59	503	0.0	281.78	Aug	Feb	1377
42. Do 10-11-59	504	0.0	266.43	Aug	Feb	1378
42. Do 10-11-59	505	0.0	251.07	Aug	Feb	1379
42. Do 10-11-59	506	0.0	235.72	Aug	Feb	1380
42. Do 10-11-59	507	0.0	220.36	Aug	Feb	1381
42. Do 10-11-59	508	0.0	205.01	Aug	Feb	1382
42. Do 10-11-59	509	0.0	189.65	Aug	Feb	1383
42. Do 10-11-59	510	0.0	174.30	Aug	Feb	1384
42. Do 10-11-59	511	0.0	158.94	Aug	Feb	1385
42. Do 10-11-59	512	0.0	143.59	Aug	Feb	1386
42. Do 10-11-59	513	0.0	128.23	Aug	Feb	1387
42. Do 10-11-59	514	0.0	112.88	Aug	Feb	1388
42. Do 10-11-59	515	0.0	97.52	Aug	Feb	1389
42. Do 10-11-59	516	0.0	82.17	Aug	Feb	1390
42. Do 10-11-59	517	0.0	66.81	Aug	Feb	1391
42. Do 10-11-59	518	0.0	51.46	Aug	Feb	1392
42. Do 10-11-59	519	0.0	36.10	Aug	Feb	1393
42. Do 10-11-59	520	0.0	20.75	Aug	Feb	1394
42. Do 10-11-59	521	0.0	5.39	Aug	Feb	1395
42. Do 10-11-59	522	0.0	0.03	Aug	Feb	1396
42. Do 10-11-59	523	0.0	0.00	Aug	Feb	1397
42. Do 10-11-59	524	0.0	0.00	Aug	Feb	1398
42. Do 10-11-59	525	0.0	0.00	Aug	Feb	1399
42. Do 10-11-59	526	0.0	0.00	Aug	Feb	1400
42. Do 10-11-59	527	0.0	0.00	Aug	Feb	1401
42. Do 10-11-59	528	0.0	0.00	Aug	Feb	1402
42. Do 10-11-59	529	0.0	0.00	Aug	Feb	1403
42. Do 10-11-59	530	0.0	0.00	Aug	Feb	1404
42. Do 10-11-59	531	0.0	0.00	Aug	Feb	1405
42. Do 10-11-59	532	0.0	0.00	Aug	Feb	1406
42. Do 10-11-59	533	0.0	0.00	Aug	Feb	1407
42. Do 10-11-59	534	0.0	0.00	Aug	Feb	1408
42. Do 10-11-59	535	0.0	0.00	Aug	Feb	1409
42. Do 10-11-59	536	0.0	0.00	Aug	Feb	1410
42. Do 10-11-59	537	0.0	0.00	Aug	Feb	1411
42. Do 10-11-59	538	0.0	0.00	Aug	Feb	1412
42. Do 10-11-59	539	0.0	0.00	Aug	Feb	1413
42. Do 10-11-59	540	0.0	0.00	Aug	Feb	1414
42. Do 10-11-59	541	0.0	0.00	Aug	Feb	1415
42. Do 10-11-59	542	0.0	0.00	Aug	Feb	1416
42. Do 10-11-59	543	0.0	0.00	Aug	Feb	1417
42. Do 10-11-59	544	0.0	0.00	Aug	Feb	1418
42. Do 10-11-59	545	0.0	0.00	Aug	Feb	1419
42. Do 10-11-59	546	0.0	0.00	Aug	Feb	1420
42. Do 10-11-59	547	0.0	0.00	Aug	Feb	1421
42. Do 10-11-59	548	0.0	0.00	Aug	Feb	1422
42. Do 10-11-59	549	0.0	0.00	Aug	Feb	1423
42. Do 10-11-59	550	0.0	0.00	Aug	Feb	1424
42. Do 10-11-59	551	0.0	0.00	Aug	Feb	1425
42. Do 10-11-59	552	0.0</				

INDUSTRIALS (Miscel.) - Contd

[illegible]**INDUSTRIALS (Miscel.) - Contd.**

Year	Artist	Album	Price	Discs	Days	Last	Week	Weeks	Chart
1981	James Taylor	Clouds	22.95	1	1	1	1	1	1
1982	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1983	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1984	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1985	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1986	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1987	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1988	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1989	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1990	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1991	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1992	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1993	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1994	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1995	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1996	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1997	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1998	James Taylor	James Taylor	22.95	1	1	1	1	1	1
1999	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2000	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2001	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2002	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2003	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2004	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2005	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2006	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2007	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2008	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2009	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2010	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2011	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2012	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2013	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2014	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2015	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2016	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2017	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2018	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2019	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2020	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2021	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2022	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2023	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2024	James Taylor	James Taylor	22.95	1	1	1	1	1	1
2025	James Taylor	James Taylor	22.95	1	1	1	1	1	1

DRAPERY AND STORES - Contd

Lot	Stock	Price	Qty	Per Unit	Lot	Shipment	Paid
10	Ward's (Fridges) S...	158	2	79.00	11	October	
20	Ward's (Fridges) S...	225	2	112.50	12	July Nov	
30	Ward's (Fridges) S...	302	6	50.33	13	July Nov	
40	Ward's (Fridges) S...	381	6	63.50	14	August	
50	Do Car 1st Pst 100	213	6	35.50	15	August	
60	Do Car 1st Pst 100	213	6	35.50	16	August	
70	Do Car 1st Pst 100	213	6	35.50	17	August	
80	Do Car 1st Pst 100	213	6	35.50	18	August	
90	Do Car 1st Pst 100	213	6	35.50	19	August	
100	Do Car 1st Pst 100	213	6	35.50	20	August	
110	Do Car 1st Pst 100	213	6	35.50	21	August	
120	Do Car 1st Pst 100	213	6	35.50	22	August	
130	Do Car 1st Pst 100	213	6	35.50	23	August	
140	Do Car 1st Pst 100	213	6	35.50	24	August	
150	Do Car 1st Pst 100	213	6	35.50	25	August	
160	Do Car 1st Pst 100	213	6	35.50	26	August	
170	Do Car 1st Pst 100	213	6	35.50	27	August	
180	Do Car 1st Pst 100	213	6	35.50	28	August	
190	Do Car 1st Pst 100	213	6	35.50	29	August	
200	Do Car 1st Pst 100	213	6	35.50	30	August	

ELECTRICALS

[illegible]

ENGINEERING - Contd

[illegible]**FOOD, GROCERIES, ETC**[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

36	GRAVES 7th	174	WILLIAMS 1st
172	JOHN	175	WILLIAMS 2nd
173	JOHN 10th	176	WILLIAMS 3rd
167	JOHN 10th	177	WILLIAMS 4th
167	JOHN 10th	178	WILLIAMS 5th
172	JOHN 10th	179	WILLIAMS 6th
172	JOHN 10th	180	WILLIAMS 7th
172	JOHN 10th	181	WILLIAMS 8th
172	JOHN 10th	182	WILLIAMS 9th
172	JOHN 10th	183	WILLIAMS 10th
172	JOHN 10th	184	WILLIAMS 11th
172	JOHN 10th	185	WILLIAMS 12th
172	JOHN 10th	186	WILLIAMS 13th
172	JOHN 10th	187	WILLIAMS 14th
172	JOHN 10th	188	WILLIAMS 15th
172	JOHN 10th	189	WILLIAMS 16th
172	JOHN 10th	190	WILLIAMS 17th
172	JOHN 10th	191	WILLIAMS 18th
172	JOHN 10th	192	WILLIAMS 19th
172	JOHN 10th	193	WILLIAMS 20th
172	JOHN 10th	194	WILLIAMS 21st
172	JOHN 10th	195	WILLIAMS 22nd
172	JOHN 10th	196	WILLIAMS 23rd
172	JOHN 10th	197	WILLIAMS 24th
172	JOHN 10th	198	WILLIAMS 25th
172	JOHN 10th	199	WILLIAMS 26th
172	JOHN 10th	200	WILLIAMS 27th
172	JOHN 10th	201	WILLIAMS 28th
172	JOHN 10th	202	WILLIAMS 29th
172	JOHN 10th	203	WILLIAMS 30th
172	JOHN 10th	204	WILLIAMS 31st
172	JOHN 10th	205	WILLIAMS 32nd
172	JOHN 10th	206	WILLIAMS 33rd
172	JOHN 10th	207	WILLIAMS 34th
172	JOHN 10th	208	WILLIAMS 35th
172	JOHN 10th	209	WILLIAMS 36th
172	JOHN 10th	210	WILLIAMS 37th
172	JOHN 10th	211	WILLIAMS 38th
172	JOHN 10th	212	WILLIAMS 39th
172	JOHN 10th	213	WILLIAMS 40th
172	JOHN 10th	214	WILLIAMS 41st
172	JOHN 10th	215	WILLIAMS 42nd
172	JOHN 10th	216	WILLIAMS 43rd
172	JOHN 10th	217	WILLIAMS 44th
172	JOHN 10th	218	WILLIAMS 45th
172	JOHN 10th	219	WILLIAMS 46th
172	JOHN 10th	220	WILLIAMS 47th
172	JOHN 10th	221	WILLIAMS 48th
172	JOHN 10th	222	WILLIAMS 49th
172	JOHN 10th	223	WILLIAMS 50th
172	JOHN 10th	224	WILLIAMS 51st
172	JOHN 10th	225	WILLIAMS 52nd
172	JOHN 10th	226	WILLIAMS 53rd
172	JOHN 10th	227	WILLIAMS 54th
172	JOHN 10th	228	WILLIAMS 55th
172	JOHN 10th	229	WILLIAMS 56th
172	JOHN 10th	230	WILLIAMS 57th
172	JOHN 10th	231	WILLIAMS 58th
172	JOHN 10th	232	WILLIAMS 59th
172	JOHN 10th	233	WILLIAMS 60th
172	JOHN 10th	234	WILLIAMS 61st
172	JOHN 10th	235	WILLIAMS 62nd
172	JOHN 10th	236	WILLIAMS 63rd
172	JOHN 10th	237	WILLIAMS 64th
172	JOHN 10th	238	WILLIAMS 65th
172	JOHN 10th	239	WILLIAMS 66th
172	JOHN 10th	240	WILLIAMS 67th
172	JOHN 10th	241	WILLIAMS 68th
172	JOHN 10th	242	WILLIAMS 69th
172	JOHN 10th	243	WILLIAMS 70th
172	JOHN 10th	244	WILLIAMS 71st
172	JOHN 10th	245	WILLIAMS 72nd
172	JOHN 10th	246	WILLIAMS 73rd
172	JOHN 10th	247	WILLIAMS 74th
172	JOHN 10th	248	WILLIAMS 75th
172	JOHN 10th	249	WILLIAMS 76th
172	JOHN 10th	250	WILLIAMS 77th
172	JOHN 10th	251	WILLIAMS 78th
172	JOHN 10th	252	WILLIAMS 79th
172	JOHN 10th	253	WILLIAMS 80th
172	JOHN 10th		

INSURANCES

20	Shady Life Sp.	278	10.25	4.925	4	May	1990
21	MacDonald & Alexander	5131	051.00	1.00	1	May	1990
22	MacDonald & Alexander	5131	051.00	1.00	1	May	1990
23	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
24	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
25	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
26	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
27	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
28	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
29	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
30	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
31	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
32	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
33	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
34	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
35	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
36	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
37	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
38	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
39	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
40	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
41	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
42	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
43	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
44	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
45	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
46	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
47	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
48	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
49	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
50	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
51	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
52	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
53	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
54	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
55	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
56	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
57	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
58	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
59	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
60	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
61	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
62	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
63	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
64	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
65	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
66	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
67	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
68	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
69	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
70	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
71	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
72	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
73	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
74	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
75	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
76	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
77	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
78	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
79	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
80	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
81	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
82	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
83	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
84	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
85	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
86	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
87	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
88	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
89	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
90	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
91	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
92	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
93	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
94	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
95	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
96	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
97	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
98	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
99	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991
100	Callahan AC 0450	5397	040.00	1.02	10	Oct	1991

ENGINEERING

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هكذا عن الرجل

LONDON SHARE SERVICE

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LEISURE

Stock	Price	Change	High	Low	Open	Close	Volume
1. Leisure Group	1.10	0.05	1.15	1.05	1.10	1.15	100
2. Leisure World	0.80	0.02	0.82	0.78	0.80	0.82	50
3. Leisure Time	0.60	0.01	0.61	0.59	0.60	0.61	30
4. Leisure Link	0.50	0.01	0.51	0.49	0.50	0.51	20
5. Leisure Line	0.40	0.01	0.41	0.39	0.40	0.41	10
6. Leisure Link	0.30	0.01	0.31	0.29	0.30	0.31	10
7. Leisure Link	0.20	0.01	0.21	0.19	0.20	0.21	10
8. Leisure Link	0.10	0.01	0.11	0.09	0.10	0.11	10
9. Leisure Link	0.05	0.01	0.06	0.04	0.05	0.06	10
10. Leisure Link	0.02	0.01	0.03	0.01	0.02	0.03	10

PAPER, PRINTING, ADVERTISING - Contd

Stock	Price	Change	High	Low	Open	Close	Volume
1. Paper & Print	1.20	0.05	1.25	1.15	1.20	1.25	100
2. Paper & Print	1.10	0.05	1.15	1.05	1.10	1.15	100
3. Paper & Print	1.00	0.05	1.05	0.95	1.00	1.05	100
4. Paper & Print	0.90	0.05	0.95	0.85	0.90	0.95	100
5. Paper & Print	0.80	0.05	0.85	0.75	0.80	0.85	100
6. Paper & Print	0.70	0.05	0.75	0.65	0.70	0.75	100
7. Paper & Print	0.60	0.05	0.65	0.55	0.60	0.65	100
8. Paper & Print	0.50	0.05	0.55	0.45	0.50	0.55	100
9. Paper & Print	0.40	0.05	0.45	0.35	0.40	0.45	100
10. Paper & Print	0.30	0.05	0.35	0.25	0.30	0.35	100

PROPERTY

Stock	Price	Change	High	Low	Open	Close	Volume
1. Property Group	1.50	0.05	1.55	1.45	1.50	1.55	100
2. Property Group	1.40	0.05	1.45	1.35	1.40	1.45	100
3. Property Group	1.30	0.05	1.35	1.25	1.30	1.35	100
4. Property Group	1.20	0.05	1.25	1.15	1.20	1.25	100
5. Property Group	1.10	0.05	1.15	1.05	1.10	1.15	100
6. Property Group	1.00	0.05	1.05	0.95	1.00	1.05	100
7. Property Group	0.90	0.05	0.95	0.85	0.90	0.95	100
8. Property Group	0.80	0.05	0.85	0.75	0.80	0.85	100
9. Property Group	0.70	0.05	0.75	0.65	0.70	0.75	100
10. Property Group	0.60	0.05	0.65	0.55	0.60	0.65	100

TEXTILES - Contd

Stock	Price	Change	High	Low	Open	Close	Volume
1. Textiles Group	1.30	0.05	1.35	1.25	1.30	1.35	100
2. Textiles Group	1.20	0.05	1.25	1.15	1.20	1.25	100
3. Textiles Group	1.10	0.05	1.15	1.05	1.10	1.15	100
4. Textiles Group	1.00	0.05	1.05	0.95	1.00	1.05	100
5. Textiles Group	0.90	0.05	0.95	0.85	0.90	0.95	100
6. Textiles Group	0.80	0.05	0.85	0.75	0.80	0.85	100
7. Textiles Group	0.70	0.05	0.75	0.65	0.70	0.75	100
8. Textiles Group	0.60	0.05	0.65	0.55	0.60	0.65	100
9. Textiles Group	0.50	0.05	0.55	0.45	0.50	0.55	100
10. Textiles Group	0.40	0.05	0.45	0.35	0.40	0.45	100

TOBACCO

Stock	Price	Change	High	Low	Open	Close	Volume
1. Tobacco Group	1.40	0.05	1.45	1.35	1.40	1.45	100
2. Tobacco Group	1.30	0.05	1.35	1.25	1.30	1.35	100
3. Tobacco Group	1.20	0.05	1.25	1.15	1.20	1.25	100
4. Tobacco Group	1.10	0.05	1.15	1.05	1.10	1.15	100
5. Tobacco Group	1.00	0.05	1.05	0.95	1.00	1.05	100
6. Tobacco Group	0.90	0.05	0.95	0.85	0.90	0.95	100
7. Tobacco Group	0.80	0.05	0.85	0.75	0.80	0.85	100
8. Tobacco Group	0.70	0.05	0.75	0.65	0.70	0.75	100
9. Tobacco Group	0.60	0.05	0.65	0.55	0.60	0.65	100
10. Tobacco Group	0.50	0.05	0.55	0.45	0.50	0.55	100

TRUSTS, FINANCE, LAND

Stock	Price	Change	High	Low	Open	Close	Volume
1. Trusts Group	1.60	0.05	1.65	1.55	1.60	1.65	100
2. Trusts Group	1.50	0.05	1.55	1.45	1.50	1.55	100
3. Trusts Group	1.40	0.05	1.45	1.35	1.40	1.45	100
4. Trusts Group	1.30	0.05	1.35	1.25	1.30	1.35	100
5. Trusts Group	1.20	0.05	1.25	1.15	1.20	1.25	100
6. Trusts Group	1.10	0.05	1.15	1.05	1.10	1.15	100
7. Trusts Group	1.00	0.05	1.05	0.95	1.00	1.05	100
8. Trusts Group	0.90	0.05	0.95	0.85	0.90	0.95	100
9. Trusts Group	0.80	0.05	0.85	0.75	0.80	0.85	100
10. Trusts Group	0.70	0.05	0.75	0.65	0.70	0.75	100

TRUSTS, FINANCE, LAND - Contd

Stock	Price	Change	High	Low	Open	Close	Volume
1. Trusts Group	1.70	0.05	1.75	1.65	1.70	1.75	100
2. Trusts Group	1.60	0.05	1.65	1.55	1.60	1.65	100
3. Trusts Group	1.50	0.05	1.55	1.45	1.50	1.55	100
4. Trusts Group	1.40	0.05	1.45	1.35	1.40	1.45	100
5. Trusts Group	1.30	0.05	1.35	1.25	1.30	1.35	100
6. Trusts Group	1.20	0.05	1.25	1.15	1.20	1.25	100
7. Trusts Group	1.10	0.05	1.15	1.05	1.10	1.15	100
8. Trusts Group	1.00	0.05	1.05	0.95	1.00	1.05	100
9. Trusts Group	0.90	0.05	0.95	0.85	0.90	0.95	100
10. Trusts Group	0.80	0.05	0.85	0.75	0.80	0.85	100

OIL AND GAS - Contd

Stock	Price	Change	High	Low	Open	Close	Volume
1. Oil & Gas	1.80	0.05	1.85	1.75	1.80	1.85	100
2. Oil & Gas	1.70	0.05	1.75	1.65	1.70	1.75	100
3. Oil & Gas	1.60	0.05	1.65	1.55	1.60	1.65	100
4. Oil & Gas	1.50	0.05	1.55	1.45	1.50	1.55	100
5. Oil & Gas	1.40	0.05	1.45	1.35	1.40	1.45	100
6. Oil & Gas	1.30	0.05	1.35	1.25	1.30	1.35	100
7. Oil & Gas	1.20	0.05	1.25	1.15	1.20	1.25	100
8. Oil & Gas	1.10	0.05	1.15	1.05	1.10	1.15	100
9. Oil & Gas	1.00	0.05	1.05	0.95	1.00	1.05	100
10. Oil & Gas	0.90	0.05	0.95	0.85	0.90	0.95	100

MINES - Contd

Stock	Price	Change	High	Low	Open	Close	Volume
1. Mines Group	1.90	0.05	1.95	1.85	1.90	1.95	100
2. Mines Group	1.80	0.05	1.85	1.75	1.80	1.85	100
3. Mines Group	1.70	0.05	1.75	1.65	1.70	1.75	100
4. Mines Group	1.60	0.05	1.65	1.55	1.60	1.65	100
5. Mines Group	1.50	0.05	1.55	1.45	1.50	1.55	100
6. Mines Group	1.40	0.05	1.45	1.35	1.40	1.45	100
7. Mines Group	1.30	0.05	1.35	1.25	1.30	1.35	100
8. Mines Group	1.20	0.05	1.25	1.15	1.20	1.25	100
9. Mines Group	1.10	0.05	1.15	1.05	1.10	1.15	100
10. Mines Group	1.00	0.05	1.05	0.95	1.00	1.05	100

MOTORS, AIRCRAFT TRADES

Stock	Price	Change	High	Low	Open	Close	Volume
1. Motors & Aircraft	1.00	0.05	1.05	0.95	1.00	1.05	100
2. Motors & Aircraft	0.90	0.05	0.95	0.85	0.90	0.95	100
3. Motors & Aircraft	0.80	0.05	0.85	0.75	0.80	0.85	100
4. Motors & Aircraft	0.70	0.05	0.75	0.65	0.70	0.75	100
5. Motors & Aircraft	0.60	0.05	0.65	0.55	0.60	0.65	100
6. Motors & Aircraft	0.50	0.05	0.55	0.45	0.50	0.55	100
7. Motors & Aircraft	0.40	0.05	0.45	0.35	0.40	0.45	100
8. Motors & Aircraft	0.30	0.05	0.35	0.25	0.30	0.35	100
9. Motors & Aircraft	0.20	0.05	0.25	0.15	0.20	0.25	100
10. Motors & Aircraft	0.10	0.05	0.15	0.05	0.10	0.15	100

COMMERCIAL VEHICLES

Stock	Price	Change	High	Low	Open	Close	Volume
1. Commercial Vehicles	0.80	0.05	0.85	0.75	0.80	0.85	100
2. Commercial Vehicles	0.70	0.05	0.75	0.65	0.70	0.75	100
3. Commercial Vehicles	0.60	0.05	0.65	0.55	0.60	0.65	100
4. Commercial Vehicles	0.50	0.05	0.55	0.45	0.50	0.55	100
5. Commercial Vehicles	0.40	0.05	0.45	0.35	0.40	0.45	100
6. Commercial Vehicles	0.30	0.05	0.35	0.25	0.30	0.35	100
7. Commercial Vehicles	0.20	0.05	0.25	0.15	0.20	0.25	100
8. Commercial Vehicles	0.10	0.05	0.15	0.05	0.10	0.15	100
9. Commercial Vehicles	0.05	0.05	0.10	0.00	0.05	0.10	100
10. Commercial Vehicles	0.02	0.05	0.07	0.00	0.02	0.07	100

COMPONENTS

Stock	Price	Change	High	Low	Open	Close	Volume
1. Components	0.70	0.05	0.75	0.65	0.70	0.75	100
2. Components	0.60	0.05	0.65	0.55	0.60	0.65	100
3. Components	0.50	0.05	0.55	0.45	0.50	0.55	100
4. Components	0.40	0.05	0.45	0.35	0.40	0.45	100
5. Components	0.30	0.05	0.35	0.25	0.30	0.35	100
6. Components	0.20	0.05	0.25	0.15	0.20	0.25	100
7. Components	0.10	0.05	0.15	0.05	0.10	0.15	100
8. Components	0.05	0.05	0.10	0.00	0.05	0.10	100
9. Components	0.02	0.05	0.07	0.00	0.02	0.07	100
10. Components	0.01	0.05	0.06	0.00	0.01	0.06	100

GARAGES AND DISTRIBUTORS

Stock	Price	Change	High	Low	Open	Close	Volume
1. Garages & Distributors	0.60	0.05	0.65	0.55	0.60	0.65	100
2. Garages & Distributors	0.50	0.05	0.55	0.45	0.50	0.55	100
3. Garages & Distributors	0.40	0.05	0.45	0.35	0.40	0.45	100
4. Garages & Distributors	0.30	0.05	0.35	0.25	0.30	0.35	100
5. Garages & Distributors	0.20	0.05	0.25	0.15	0.20	0.25	100
6. Garages & Distributors	0.10	0.05	0.15	0.05	0.10	0.15	100
7. Garages & Distributors	0.05	0.05	0.10	0.00	0.05	0.10	100
8. Garages & Distributors	0.02	0.05	0.07	0.00	0.02	0.07	100
9. Garages & Distributors	0.01	0.05	0.06	0.00	0.01	0.06	100
10. Garages & Distributors	0.00	0.05	0.05	0.00	0.00	0.05	100

NEWSPAPERS, PUBLISHERS

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Rentals

12 Plaza Estates

MARBLE ARCH, WY
Newly Bst Dns 1st & 2nd flrs in great glass PM
block close to all amenities 2 bds : bath :
chk : comp : 1/2 Kt Long Lenz \$350 pw
Tel. TM 3100

DONNE PLACES
Fast furnished, unfurnished. Cleaning
Chateau House in superb location off Wilmette
St. 3 bds : baths : shower : 2 ranges : air :
utility : 1/2 Kt Long Lenz \$450 pw
Tel. 91-581-7666.

**KENWOODS
RENTAL**

**RIVERSIDE
RESIDENTIAL
LIMITED**

Large selection of new flats and
houses from £110.00 per week
throughout the Docklands area.
Long and short ten

01-750-3302

SERVICED APARTMENTS-SLOANE SQUARE
From studio to 3 bedroom, 2 bathroom avail-
able for short lets, minimums one week. Tel
(01) 730 6786. Office, 42 Lower Sloane Street
London SW1.

Company

Company Notices

INTEREST TAX
USD 100,000,000 FLO

In accordance with the provisions of the
nomine period 10th May, 1986 to 10th August
per annum with a coupon amount of USD 1

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SECRET

**SOCIÉTÉ NATIONALE
DES CHEMINS DE FER
FRANÇAIS
S N C F**

**U.S. Dirs 80,000,000 Floating
Rate Notes Due 1991
Unconditionally guaranteed by
The State**

terms and conditions of the notes that
six month from May 15th, 1963 to 1964

income is hereby given pursuant to the terms and conditions of the notes that for the six months from May 12th 1988 to November 14th 1988 the notes will carry an interest rate of 8 00% per annum. On November 14th 1988 interest of US Dollars 4.133.33 will be due per US Dollars 100.000 note per coupon No 11.

Banking Indonesia LEMBAGA
(Principal Agent)

HONEYWELL INTERNATIONAL
FINANCE IN U

LONDON, 10/10/68 TEN P.M. CDT.
GUARANTEED DELIVERABLES 1968

Holders of these Certificates are advised that copies of the Financial Statements for the year ended 31st December, 1967 of this company, merged Company and copies of the Hongkong and Shanghai Banking Corporation Limited's 1967 Annual Report 1967 are available from:-

S G. Warburg & Co. Ltd.
Paying Agency 6th floor,
1 Finsbury Avenue,
London EC2N 2PA

16th May, 1968

Clubs

Eve
has outlived the others because of
a policy on fair play and value for
money. Supper from 10-1:30 am.
Disco and top musicians, glamor-
ous hostesses, exciting floorshows.

189, Regent St., W1.
01-734 0557.

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CANADA

NEW YORK

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Subject to option restrictions.	540	340	JUSE Inds	540	Individual companies and are last traded prices. (a)
	477	375	Unitrise	477	Excludes companies suspended from Ex dividend or
					Ex scrip issue, or Ex rights, or Ex alt.

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AMEX COMPOSITE CLOSING PRICES<sup>Closing prices,
May 13</sup>

Stock	Dr	P/E	100s	High	Low	Close	Change	Stock	Dr	P/E	100s	High	Low	Close	Change	Stock	Dr	P/E	100s	High	Low	Close	Change	Stock	Dr	P/E	100s	High	Low	Close	Change
AT&T	81	10	54	54				D	D	12	2	15	15	-		I	I	7	7	7	7	-		Perkin	30	8	27	27	27	27	
ATTGlobe	2	109	37	37	37	+		DMC	14	28	10	10	10	-		ICM	9	8	8	8	8	-		Pharm	120	4	27	27	27	27	
Avco	11	29	18	17	17	+		Don	1405	5	3	3	3	+		Indy	1347	1	1	1	1	1	-		Philly	10	5	5	5	5	+
AirCap	30	7	7	7	7	+		DataPac	16	86	9	9	9	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-		Philly	10	5	5	5	5	+
Alcoa	153	3	3	3	3	+		Dynalene	18	49	1	1	1	+		Indy	30	3	3	3	3	3	-								

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Continued on Page 37

— Europe's Business Newspaper —

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling looks attractive on the one way bet theory

BY COLIN MILLHAM

ATTENTION FOCUSED on the Bank of England Quarterly Bulletin at the end of last week, many suggestions that the central bank had blundered in indicating that it would prefer a lower exchange rate for sterling, and higher UK interest rates.

This followed a similar reaction to comments by Mr Nigel Lawson, the Chancellor, earlier in the week about the possibility of a co-ordinated rise in world interest rates.

Only time will tell but it appears this could turn out to be a strong case of over reaction, and that the authorities are only restating their well known opinions. The market may be well advised to stand back and take a

more considered view of the general situation regarding sterling and the level of interest rates.

The main danger for the authorities is that they will be forced into another unwanted cut in rates.

The talk in the market on Friday suggested that the pound is a one way bet. It will either move higher, because the Bank of England has no intention of cutting interest rates, or it will be prevented from falling sharply, as the authorities take advantage of any decline in the exchange rate to decide a rise in bank base rates.

Mr Chris Tinker, an economist at Phillips and Drew, said he believed DM3.20 is a psychological

important level for sterling, but that there is no clear official policy regarding the pound.

He added that foreign investors are encouraged to buy sterling because the Bank of England has indicated it does not wish to cut interest rates; Britain has a record of political stability; and there is a reluctance to take positions in the dollar, ahead of tomorrow's US trade figures.

Mr Tinker added that the West German economy is extremely dull, but Mr Nigel Richardson, an economist at Warburg Securities, believes the situation could change if the US trade figures are particularly bad.

There will then be a temptation to move into hard currencies,

such as the D-Mark and Japanese yen. Sterling is not a hard currency. It is a very attractive speculative currency, but may suffer if the dollar weakens.

Mr Richardson said the authorities are moving away from a policy of intervention, and are desperate to hold on without having to cut rates. He agrees with Mr Tinker about the importance of DM3.20 for the pound. If sterling rises above this level a cut in bank base rates cannot be ruled

out, even if this proves strictly temporary.

Ms Evelyn Brodie, senior UK economist at Morgan Grenfell, said there was every reason to be bullish about sterling in the short term.

But she placed particular emphasis on Thursday's UK industrial production figures, which could prove as important as money supply and bank lending figures, released the same day.

Production by the manufacturing industries fell 3.2 p.c. in February, and dealers will be looking to see if this was merely an aberration, or if the UK economy is showing signs of slowing down.

£ IN NEW YORK

May 13	Close	Previous Close
1 Spot	1.8825-1.8835	1.8825-1.8835
1 Month	1.8825-1.8835	1.8825-1.8835
3 Months	1.8825-1.8835	1.8825-1.8835
12 Months	1.8825-1.8835	1.8825-1.8835

Forward premiums and discounts apply to the US dollar

STERLING INDEX

May 13	Close	Previous Close
8.30 am	78.8	78.5
9.00 am	78.8	78.5
10.00 am	78.8	78.5
11.00 am	78.8	78.5
12.00 pm	78.8	78.5
1.00 pm	78.8	78.5
2.00 pm	78.8	78.5
3.00 pm	78.8	78.5
4.00 pm	78.8	78.5

CURRENCY RATES

May 13	Bank	Spot	Forward
1.00	US Dollar	1.8825-1.8835	1.8825-1.8835
1.00	Swiss Franc	1.4825-1.4835	1.4825-1.4835
1.00	Japanese Yen	161.12-161.13	161.12-161.13
1.00	West German Mark	2.3625-2.3635	2.3625-2.3635
1.00	French Franc	6.5525-6.5535	6.5525-6.5535
1.00	Italian Lira	1,936.25-1,936.35	1,936.25-1,936.35
1.00	Spanish Peseta	166.66-166.67	166.66-166.67
1.00	Portuguese Escudo	200.48-200.49	200.48-200.49
1.00	Belgian Franc	36.36-36.37	36.36-36.37
1.00	Dutch Guilder	2.3625-2.3635	2.3625-2.3635
1.00	Australian Dollar	0.7225-0.7235	0.7225-0.7235
1.00	New Zealand Dollar	0.6725-0.6735	0.6725-0.6735
1.00	South African Rand	4.6625-4.6635	4.6625-4.6635
1.00	Irish Pound	0.7825-0.7835	0.7825-0.7835
1.00	Scottish Pound	0.7825-0.7835	0.7825-0.7835
1.00	Welsh Pound	0.7825-0.7835	0.7825-0.7835
1.00	Manx Pound	0.7825-0.7835	0.7825-0.7835
1.00	Jersey Pound	0.7825-0.7835	0.7825-0.7835
1.00	Guernsey Pound	0.7825-0.7835	0.7825-0.7835
1.00	Channel Islands Pound	0.7825-0.7835	0.7825-0.7835
1.00	Isle of Man Pound	0.7825-0.7835	0.7825-0.7835
1.00	Other Pounds	0.7825-0.7835	0.7825-0.7835

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

CURRENCY MOVEMENTS

May 13	Bank	Spot	Forward
1.00	US Dollar	1.8825-1.8835	1.8825-1.8835
1.00	Swiss Franc	1.4825-1.4835	1.4825-1.4835
1.00	Japanese Yen	161.12-161.13	161.12-161.13
1.00	West German Mark	2.3625-2.3635	2.3625-2.3635
1.00	French Franc	6.5525-6.5535	6.5525-6.5535
1.00	Italian Lira	1,936.25-1,936.35	1,936.25-1,936.35
1.00	Spanish Peseta	166.66-166.67	166.66-166.67
1.00	Portuguese Escudo	200.48-200.49	200.48-200.49
1.00	Belgian Franc	36.36-36.37	36.36-36.37
1.00	Dutch Guilder	2.3625-2.3635	2.3625-2.3635
1.00	Australian Dollar	0.7225-0.7235	0.7225-0.7235
1.00	New Zealand Dollar	0.6725-0.6735	0.6725-0.6735
1.00	South African Rand	4.6625-4.6635	4.6625-4.6635
1.00	Irish Pound	0.7825-0.7835	0.7825-0.7835
1.00	Scottish Pound	0.7825-0.7835	0.7825-0.7835
1.00	Welsh Pound	0.7825-0.7835	0.7825-0.7835
1.00	Manx Pound	0.7825-0.7835	0.7825-0.7835
1.00	Jersey Pound	0.7825-0.7835	0.7825-0.7835
1.00	Guernsey Pound	0.7825-0.7835	0.7825-0.7835
1.00	Channel Islands Pound	0.7825-0.7835	0.7825-0.7835
1.00	Isle of Man Pound	0.7825-0.7835	0.7825-0.7835
1.00	Other Pounds	0.7825-0.7835	0.7825-0.7835

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

OTHER CURRENCIES

May 13	Bank	Spot	Forward
1.00	US Dollar	1.8825-1.8835	1.8825-1.8835
1.00	Swiss Franc	1.4825-1.4835	1.4825-1.4835
1.00	Japanese Yen	161.12-161.13	161.12-161.13
1.00	West German Mark	2.3625-2.3635	2.3625-2.3635
1.00	French Franc	6.5525-6.5535	6.5525-6.5535
1.00	Italian Lira	1,936.25-1,936.35	1,936.25-1,936.35
1.00	Spanish Peseta	166.66-166.67	166.66-166.67
1.00	Portuguese Escudo	200.48-200.49	200.48-200.49
1.00	Belgian Franc	36.36-36.37	36.36-36.37
1.00	Dutch Guilder	2.3625-2.3635	2.3625-2.3635
1.00	Australian Dollar	0.7225-0.7235	0.7225-0.7235
1.00	New Zealand Dollar	0.6725-0.6735	0.6725-0.6735
1.00	South African Rand	4.6625-4.6635	4.6625-4.6635
1.00	Irish Pound	0.7825-0.7835	0.7825-0.7835
1.00	Scottish Pound	0.7825-0.7835	0.7825-0.7835
1.00	Welsh Pound	0.7825-0.7835	0.7825-0.7835
1.00	Manx Pound	0.7825-0.7835	0.7825-0.7835
1.00	Jersey Pound	0.7825-0.7835	0.7825-0.7835
1.00	Guernsey Pound	0.7825-0.7835	0.7825-0.7835
1.00	Channel Islands Pound	0.7825-0.7835	0.7825-0.7835
1.00	Isle of Man Pound	0.7825-0.7835	0.7825-0.7835
1.00	Other Pounds	0.7825-0.7835	0.7825-0.7835

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

FORWARD RATES

Against Sterling

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

MONEY MARKETS

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

NEW YORK

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

LONDON MONEY RATES

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

WEEKLY CHANGE IN WORLD INTEREST RATES

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

TAIYO KOBEN FINANCE HONGKONG LIMITED

Guaranteed Floating Rate Notes due 1997

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

NACIONAL FINANCIERA, S.A.

U.S. \$150,000,000 Floating Rate Notes due 1990

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

SHANI GROUP PLC

Placing by CAPEL-CURE MYERS

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

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Bank of England rate (Base Rate) 10.00% per cent

All rates are for May 12

SHANI GROUP PLC

Placing by CAPEL-CURE MYERS

All rates are for May 12

Morgan Stanley changes average 1988-1992-1993

FINANCIAL TIMES
SURVEY

Devastated by the recession, Coventry was slow to realise recovery required a hands-on approach.

But it is now showing firm signs of growth, assisted by its attractive location and infrastructure for industry, reports Richard Tomkins, Midlands Correspondent

The ability to adapt

IF HISTORY has taught Coventry anything in the last few hundred years, it is how to survive.

Devastated twice within living memory, first by bombing in the second world war and then by the effects of recession on its manufacturing industry, it has had to call heavily on its ability to adapt. But coping with change is a tradition that, for Coventry, goes back a long way.

In the Middle Ages it was agriculture and the wool industry that gave Coventry its prosperity, and the city grew to become the fifth largest in the country. As the wool industry declined, so it was replaced by ribbon-weaving, and then in turn by watch and clock-making, then sewing machines, bicycles, motor bikes and cars.

Oddly, in spite of the city's present-day position as the capital of Britain's motor industry, Coventry was a laggard in the early days of the industrial revolution. This was because most of the land was tied to freemen of the city: only a patch in the centre became untied and available for development, and the city was left behind by rapidly industrialising neighbours such as Birmingham and Wolverhampton.

Just over 100 years ago, however, Coventry stumbled almost by accident into the motor industry when Daimler Benz chose to set up a manufacturing plant in the city, and a period of rapid expansion began. It became the fastest growing city in Britain: in the period from 1945 to 1965, for example, the population rose from 250,000 to 350,000.

The post-war boom brought great prosperity to Coventry, but also set the scene for troubles to come. Such was the pace of growth of the motor industry that it came to dominate the city, leaving it dangerously exposed to this single sector. Labour shortages brought high wage settlements, restrictive working practices and a reputation for industrial unrest.

Mr Harry Noble, the plain-speaking Yorkshireman who heads the city council's department of economic development and planning, says it was the oil crisis of 1973 that brought the party to an end, but the warning signals were clear well before that.

"Even ignoring the Middle East crisis, those of us who were pre-

pared to look beyond the ends of our noses could see there was a recession coming about arising from overmanning, bad management, and more efficient competition emerging from places like Japan.

"We stood there and watched the motor cycle industry disappear because we just couldn't believe what was happening. The car industry nearly went the same way, but we woke up just in the nick of time."

At the time recession struck, about 80 per cent of Coventry's workforce was employed in manufacturing, a higher proportion than almost anywhere in the country, and the city was correspondingly badly hit. The figures tell a frightening story: in the eight years to 1982, some 62,000 manufacturing jobs - more than half those that existed - disappeared. Unemployment shot up from 7.7 per cent in January 1980 to 18.7 per cent in December 1981.

As Mr Noble puts it: "Whereas most cities went into decline down a gentle slope, we fell over the edge of a precipice. We went from boom to gloom in five seconds flat."

Coventry's sudden transforma-

Coventry

tion from one of Britain's most prosperous cities to one of the most depressed sent a shockwave through the local population. It was one from which they were slow to recover. Indeed, Coventry has sometimes been accused of reacting belatedly to the events of the late 1970s and early 1980s.

"The trouble is that a lot of the population growth in Coventry after the war was driven by people who came to the city for what they could get out of it rather than what they could put into it," says Mr Noble.

"When recession came there was a kind of total disbelief in what had happened to the city, a belief that it was just a cyclical process and that if we all just sat on our backsides it would sort itself out."

Eventually, the city swallowed its pride and joined with other

parts of the West Midlands in seeking designation as an assisted area. It also started pitching alongside other recession-struck towns and cities for inward investment - though it was not until May 1986 that the city council decided to set up an economic development and planning committee with a specific brief to revitalise the local economy and tackle unemployment.

If Coventry came late to the realisation that recovery requires a hands-on approach, its progress over the last few years has in some measure compensated for the delay. The local economy may not yet be booming, but it is showing firm indications of growth. For example:

□ Jaguar, the luxury car maker and Coventry's biggest single manufacturer, has gone from strength to strength since its pri-

vatation in 1984 and now employs nearly 10,000 in the city. Its reputation and success in the home and export markets are a source of considerable local pride.

□ Other car manufacturers are also thriving. Peugeot Talbot has taken on another 1,400 workers at its Ryton plant this year to make the Peugeot 405 - the "car of the year" for 1988 - and the Peugeot 309. It now employs about 5,500 in the city.

□ Warwick University Science Park, claimed to be the fastest-growing in Europe, is drawing in high-technology companies requiring links with the adjoining university, itself renowned for its close co-operation with industry. The Westwood Business Park, recently set up on an adjacent 74-acre site, is expected to provide 2,000 jobs over the next few years.

□ New industries are moving into the city - for example, Telemechanique, a French company supplying automation systems; Ibticon, which installs computer-aided design services; and Automatrix, which supplies intelligent vision-based robotic systems.

□ Non-industrial employers are

The economy: more diversity needed to reduce overdependence on manufacturing
Motor industry: the tide turns thanks to Jaguar and Peugeot Talbot 2
Education: model links between academia and local industry
Chamber of Commerce: a radical part of the change 3
Profiles: GEC-Plessey towards a world ranking; Husky

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Computers-portable profits: Motor Panels-like course to invest 4
Commercial property: a West Midlands magnet for investment funds
Westwood Business Park: a case of local authority leadership 5
Coventry society: avoiding a city North-South divide
Tourism: Adding new dimensions to the appeal of Shakespeare Country 6

also beginning to show an interest in Coventry. Equity and Law Life Assurance Society has already set up its headquarters there and the Land Registry is establishing its regional operations in the city. British Gas is to set up its research headquarters in nearby Stoneleigh.

□ The city centre is to be radically altered over the next few years by about £100m worth of private investment in retail developments such as the West Orchard Centre scheme in Smithford Way and the redevelopment of Broadgate East.

One of the city's main difficulties is that the job losses incurred during the recession were on such a scale that they will probably never be retrieved. The companies that survived have done so only by greatly increasing productivity, and however successful they may be in the future, they are never likely to return to the manning levels seen in the 1960s.

Consequently, unemployment may have come back from peaks of around 20 per cent to 13.3 per cent now, but it is still significantly higher than the regional average of 10.1 per cent and the national average of 9.3 per cent. Further, the overall figure masks pockets of very severe unemployment in some inner city areas, particularly those with high ethnic minority populations.

According to Mr Noble, Coventry went into the recession as one city and came out of it as two.

"We are becoming a city of the haves, whose wealth and prosperity and quality of life is improving all the time, and the have nots, whom the regeneration of the city has passed by because they do not have the skills demanded by a labour market looking for greater and greater educational attainment all the time."

The city's first priority in trying to alleviate these problems is to stimulate job creation by protecting and nurturing existing businesses. But an important plank of its strategy is to achieve a greater diversification of the local economy, not simply through vying in the intensely-

competitive marketplace for inward investment, but also by targeting small but growing local sectors for support.

One example is the textiles industry which has sprung up around the Asian business community. This is the only manufacturing sector to have increased employment in Coventry over the last 10 years and now provides an estimated 2,000 jobs. The city hopes to double that figure in the next five to 10 years.

Another area earmarked for development is tourism. In the past, Coventry regarded tourism as a nuisance rather than an asset, but the industry is now more highly valued: it is already estimated to provide about 7,000 jobs and is believed to have potential to grow much further.

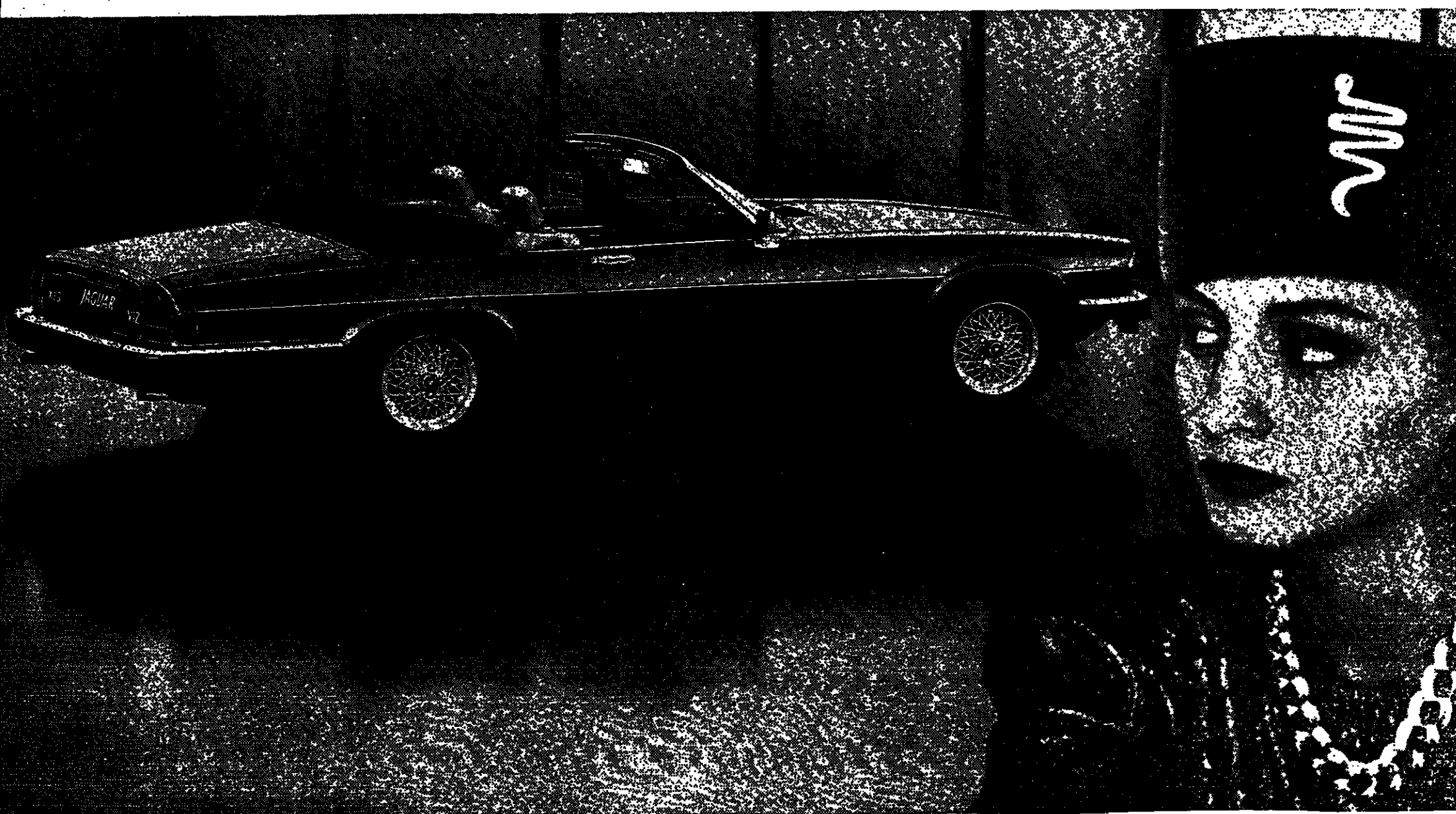
On the inward investment front, Coventry has been handicapped in the past by low yields which have discouraged the speculative development of attractive business and office premises. But with the ripple effect of the booming south-east already clearly evident in Northampton and Banbury, and rents in nearby Birmingham moving rapidly ahead, it looks well placed to benefit from an upturn.

Indeed, location is where much of Coventry's allure lies. Sited a few miles from the monument at Meriden marking the traditional centre of England, Coventry lies at the hub of the motorway network, is served by fast trains to London, Birmingham and the north, and is close to Birmingham Airport and the National Exhibition Centre.

Coventry's problems are a long way yet from being solved, but optimism is ruling at higher levels now than for many years. It was a fitting tribute to what has been achieved so far that Coventry City Football Club won the FA Cup last year, giving a significant boost to local self-confidence.

Characteristically, the city did not waste the opportunity this presented: it used the victory as a plank for a publicity campaign based on the image of the city as a winner.

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COVENTRY 2

The economy is still overly dependent on manufacturing

In search of more diversity

COVENTRY'S DEPENDENCE on manufacturing is "staggeringly high", according to its own Council's most recent report on the city's economic performance and prospects. The message is clearly about having too many fragile business eggs in one or two industrial baskets.

Manufacturing accounts for 55 per cent of the local employment - about double the national average. But while Coventry emerges, as its Midlands neighbours are doing, from the lowest troughs of recession, it is hard to tell whether this is a bad thing or not. Indeed, the enigma is wrapped in a paradox, for the Council itself is part of a direct public sector which employs 38 per cent of all those in work in the city. Some analysts might regard that figure as "staggeringly high".

The fact probably is that no one can any longer tell for certain what the mix should be, so complex and dynamic are the interrelationships between sectors. But, with large-scale dismantling, closures, and regrouping within manufacturing, it is arguable that jobs here are less vulnerable now than those in local government, teaching, and other labour-intensive state agencies. What cannot be denied is that Coventry does need more jobs.

Overall, the unemployment rate is falling more quickly than it is in Britain as a whole, but 13.3 per cent of the working population are still out of work, compared with a national average of 9.3 per cent.

To bring the percentage down, the Coventry City Council has an economic devel-

opment programme that is broader-based and more energetic than the city's size and population might suggest. Part of the proof of this vigour is that, over the past four years, it has attracted a disproportionately healthy 6 per cent of all inward investment to the UK.

If a trend in sectoral patterns can be discerned, it is that an increasing proportion of this investment is likely to go to service industries, which - as the Council's report notes - is becoming international-

ised, from hotels and banking to retailing and insurance.

The local economy, it concludes, "is not really local at all." Most of the decisions affecting people's working lives are taken elsewhere, "yet the city's largest single employer belongs to its people. The City Council is a corporate giant in its own right and is the most local and accountable of all local employers."

This hints at an ideological schizophrenia that might be damaging, were it not for the real, practical initiatives that

the Council is taking to bring about economic development in Coventry, using a mixture of EEC and Whitehall fund aid, and some downright business common sense - all helped by a growing reputation for making decisions quickly in response to overseas interest.

It is, for instance, releasing land as fast as it can process the deals - and that was a clinching factor in deciding Sun Hydraulics to bring their business and 150 new jobs to the city.

The biggest single growth area outside the automotive sector is in textiles, which now employs more than 2,000, mainly in the small-business and Asian communities. Coventry Clothing Centre, partly financed by the City Council, acts as an advisory bureau, business centre, and design consultancy.

At the high-technology end of the industry, Courtaulds dominates, with a major base employing 3,000 of the company's 47,000 UK staff. The

company has been in Coventry since 1905, when it pioneered manmade fibres with the first commercially successful viscose yarn. Today, the company's activities include plastics, composites, advanced engineering and research, with a new R&D centre for polymer-based technologies. It is now the city's seventh largest employer, bracketed by Peugeot-Talbot and Dunlop.

Courtaulds is proud of its city connections: it was instrumental in running one of the first pilot YTS schemes and now cooperates directly with local schools on work-experience programmes. The economic and social spin-off is unquantifiable but clearly enormous.

Meanwhile, the search goes on for new and durable new business in Coventry. Like almost every other major com-

munity that finds itself industrially bereaved, Coventry is turning to the promotion of tourism, recreation, and conferences.

Marketing budgets for these are modest but not insignificant, and the city will probably secure more than its natural fraction of this business, building on the Cathedral's long-established value as a crowd-drawer, the proximity of Warwick University and its Westwood Business Park, and the convenience of Coventry as a centre from which to visit the region's honeypots - notably Stratford.

The eventual joining up of the M40 with the M42 will help on all three counts - as will the planned, and much-to-be-desired, improvement and expansion of the city's hotel facilities.

Ian Breach

AT THE heart of the UK motor industry, the city of Coventry has acted as a barometer for the state of health of the country's most important manufacturing sector. The industry's long years of apparently endless decline have seen the demise of many of Coventry's most famous car marques and have cut deeply into the city's prosperity.

Since 1975 more than half the jobs at Coventry's leading vehicle manufacturers and components suppliers have disappeared, but the tide has finally begun to turn helped not least by the resurgence in the fortunes of the city's two main remaining car manufacturers Jaguar and Peugeot Talbot.

Last month, for the first time in 12 years, Peugeot Talbot began double shift working at its Ryton assembly plant and has recently announced the highest profits in the company's history, ending a period of 8 years, from 1979 to 1986, in which it ran up accumulated pre-tax losses of £286m.

Following its successful privatisation in 1984, Jaguar has emerged from the traumas of its years as part of British Leyland as one of the leading symbols of the regeneration of UK manufacturing industry. With an ambitious growth in output since the mid-1980s, Jaguar has been expanding its workforce and has taken over from GEC as the leading manufacturing employer in Coventry.

The Rover Group, still the country's biggest car manufacturer, no longer has any significant manufacturing presence in Coventry, following the closure of the former Triumph assembly plant and Morris engine works. But Canley, Coventry, is still the headquarters of Austin Rover,

the group's volume car operations, as well as the centre for the company's product engineering, design and concept engineering, and sales and marketing.

According to statistics from Coventry City Council's economic development and planning department, the automotive industry still accounts for 38 per cent of the city's workforce with 27,274 employed in the sector.

Despite a large number of small components suppliers in the immediate Coventry region (including Nuneaton and Bedworth), the local motor industry is dominated by a group of six companies - Jaguar, Peugeot Talbot, Massey Ferguson, Rover, Dunlop and Alvis. These six alone still account for around 72 per cent of motor industry employment in Coventry, although there are growing efforts to develop a motor components task force in the city in order to foster small suppliers.

The city authorities have identified around 57 companies in the automotive sector, of which some 34 have less than 200 employees. Their profits and turnover have begun to improve and many are again beginning to invest after years of retrenchment.

Also located in Coventry is Carbodies, the maker of black taxi cabs, which currently has a full order book and is producing at a rate of around 50 a week including some for export.

Inevitably much of the loss of

Motor Industry

The tide turns

motor industry employment in Coventry has stemmed from the demise of BL or British Leyland, which still had a workforce of 27,250 in the city in 1975. Several of its earlier operations still survive, though under different ownership, including Jaguar, Unipart, Alvis, Kaimor Climax (now part of the Swedish state-owned Proxodia group), Climax Engines and Self Changing Gears. By 1987

'The future lies with Jaguar and Peugeot'

the number of jobs surviving from the old BL empire was down to 14,311, however.

The first British-built motor cars were produced in Coventry by the Daimler Company at its aptly named Motor Mills in Sandy Lane in 1897, and growing out of the old bicycle industry many famous marques were to follow including Riley, Singer, Hillman, Humber and Armstrong Siddeley. While the names evoke the nostalgia of the great years of the British motor car, the future of the industry in the city lies rather with Jaguar and Peugeot Talbot.

Jaguar's resurgent fortunes are best illustrated by the rapid increase in output the company has achieved. Since 1983 production has grown from 28,000 to 48,000 last year, and the company has recently reached a new pro-

ductivity agreement, which should allow output to rise further to 55,000 this year and a planned 60,000 in 1989.

Deliveries to dealers and distributors rose by 19 per cent last year to 49,200, despite a fall in US sales caused chiefly by the hiatus created by the introduction of a new model, the XJ6 saloon. In the UK sales rose by 51 per cent to 11,592 and in continental Europe by 44 per cent to 6,236.

Despite a softening in the US luxury car market this year which has had a sharp impact on some European car makers such as Porsche, Mercedes-Benz and Volvo, Jaguar has bucked the trend, recording a 9 per cent increase in US sales in the first three months. Sir John Egan, Jaguar chairman and chief executive, plans to sell 25-26,000 cars in the US in the whole of 1988.

The company is investing heavily both in product development and in plant and equipment, not least to make up for the dangerous shortfall of the BL years. Much of the capital spending is currently being aimed at the increased automation of the body assembly and engine plants, and around £55m has been spent on a new engineering centre at Whitley, Coventry. Total capital expenditure jumped to £132m last year from £83.5m in 1986, and the high spending level will continue this year.

Over at Ryton, Peugeot Talbot, the UK subsidiary of the French automotive group, has been

boosted by the successive introduction of two new models, the 309 and the 405 which have helped to make Peugeot the fastest growing of the big six European volume car makers.

With the introduction of double shift working for the first time in 12 years Peugeot is increasing output to 2,200 cars a week from a recent level of 1,100, and the company is aiming to reach full capacity of around 2,500 cars a week by mid-1988.

Mr Geoffrey Whalen, managing director, claims that productivity at Ryton can now compete with Peugeot's continental plants. Production is planned to virtually double to around 80,000 cars this year from 45,000 in 1987, with output forecast to exceed 100,000 units in 1989. "Lessons of the past have been learned and now if we can continue along the same path, we can look forward to a period of substantial growth," says Mr Whalen.

Peugeot Talbot has recruited around 1,400 people since the end of October in preparation for double shift working, and the group's UK workforce has now reached around 6,500 compared with a low point of 4,800 in 1985. This year the company expects to produce around 30,000 405s for the UK market, 20,000 for export to West Germany, the Netherlands and Belgium, and 30,000 309s for the UK market.

In the last five years it has increased its share of the UK car market from 2 per cent to 5 per cent. It is after a market share of 6-6.5 per cent in 1988 and more than 7 per cent next year.

Kevin Done

Trucks and engineering

Painful adjustments

THE HEAVY end of engineering in Coventry has gone through more trauma in the past ten years than at any time since the 1940s.

Some companies buckled and disappeared. Some have shrunk but have stayed alive remaining weak and with uncertain futures. Others have been put through the mill but are now on a more secure footing and are growing again, sometimes in the ownership of a new parent.

Three companies reflect some of the changes that have altered this broad and varied sector of Coventry industry.

Massey-Ferguson, the farm machinery arm of the Canadian Varty group has concentrated a large part of its farm tractor making in Coventry which is now the group's biggest farm machinery site.

But in the past few years this has been coupled with sometimes painful adjustment to the 1980s in manpower and working practices.

Kaimor-Climax is one of the leading UK-based manufacturers of lift trucks. A difficult and declining period in the company's history was brought to a conclusion in 1986 when the original business, Coventry Climax, was purchased by the Swedish Kaimor group. Major changes in production and culture have been set in train since then.

Finally, machine tool maker Matrix-Churchill is one of a few remaining companies in Coven-

try which continue the city's tradition as a small, if significant machine tool centre. Its longtime parent, the TI Group sold the business last year in a deal which involves a partial management buy-out and the machine tool business is looking forward to a healthy sales year.

Massey's Banner Lane plant produced 65,000 tractors and tractor kits last year, the largest production figure since 1984 when the world agricultural machinery market was still in decline from the heady days of rising demand in the late 1970s.

Production at the 1.5m sq ft Banner Lane site accounted for by far the largest slice of Massey's almost 19 per cent of the western world tractor market. The site concentrates on medium-specification bread and butter tractors in the 45hp to 100hp bandings.

The pressures in surviving a tough market, dominated by fierce pricing and overcapacity has taken its toll at Banner Lane but many of the changes there have put the factory on a much more comfortable cost footing.

Massey's employment in Coventry has tumbled from 5,600 in 1977 to about 2,000 now, though some of this was accounted for by a transfer of most production for industrial machinery to the company's Manchester plant.

In the past eighteen months, a whole series of changes in working practices and pay has been

introduced, partly linked to a £14m investment programme.

There are now only four main job grades at Banner Lane and half the direct labour force has been retrained to switch between machining and assembly.

Banner Lane now has a break even point of 45,000 tractors a year and is operating at a profit. The Massey group's worldwide headquarters are at nearby Stoneleigh in Warwickshire.

Since the purchase of Coventry Climax by Kaimor, something of a Swedish imprint is being remorselessly, if slowly, stamped on the factory, affecting manufacturing techniques, training, communications and shopfloor organisation. Some £3m of new capital has been inserted into the business and £3.7m of direct investment.

With the help of tapping into Kaimor's larger dealer network in Europe, Kaimor-Climax is expected to produce 1,400 of its one to six tonne trucks this year. This would be a 40 per cent increase on 1987 with a target of 1,700 trucks for next year.

A study is being carried out on the possibility of harmonising some component supply and engineering between Coventry and Sweden where Kaimor makes trucks up to 80 tonnes.

But positive things are happening there and the plant, once part of the BL group, has much brighter prospects than it did when the group of entrepreneurs continued on next page

WHAT'S AN INTERNATIONAL COMPANY LIKE COURTAULDS DOING IN COVENTRY?

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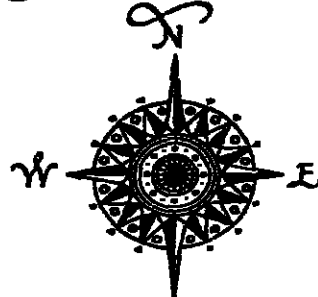
We've moved on a lot since then. Although we've retained our substantial interest in textiles, we've also progressed into a great many other activities. For instance, we're now amongst the world leaders in Fibres, Woodpulp, Chemicals & Materials, Coatings, and Films & Packaging.

Altogether, some pretty advanced stuff. And producing sales of some £2.3 billion.

Today, we employ over three thousand people in Coventry alone. Together, our commitment to technological and creative achievement is as passionate as it was all those years ago.

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Coventry.  COURTAULDS



AMTICA - COURTAULDS ACETATE - COURTAULDS ADVANCED MATERIALS (INCLUDING COURTAULDS GRAFIL FOTHERGILL & HARVEY AND NATIONAL PLASTICS) - COURTAULDS CENTRAL TRADING - COURTAULDS CHEMICALS - COURTAULDS ENGINEERING - COURTAULDS EXPORTS - COURTAULDS FIBRES - COURTAULDS FREIGHT SERVICES - COURTAULDS INFORMATION SERVICES - COURTAULDS NEWS - COURTAULDS RESEARCH - COURTAULDS SAFETY SERVICES - COURTAULDS PULP SERVICES

COVENTRY 3

Education institutions have forged close ties with local companies

Model links for 'young Turks'

THE IVORY towers of academia and the boot-blackened factories of industry have often seemed an infinite distance apart, misund- standing and mistrusting each other.

In Billy Joel's Allentown, the singer's lament for a city ravaged by unemployment contains the refrain "the graduations hang on the wall, but they never really taught us what was real, iron and coke, and chromium steel".

Coventry's education system is trying to avoid such mistakes by forging close links with the industry that dominates the area. At Warwick University, Professor Kumar Bhattacharyya has built up, over 5 years, a Manufacturing Systems Engineering faculty that has been described as the model of a Thatcherite educational institution.

A few years ago the university, the polytechnic and three colleges of further education estab- lished the Coventry Consortium to offer a joint programme of self-financing courses for local industry.

But it has taken time for the professors and the entrepreneurs to align their outlooks. "The hall- mark of educational research is that it is very narrowly-focused but goes very deep," says Dr Peter Morris of Warwick's Advanced Technology Centre, "but com- panies aren't interested in the barriers between disciplines. They want solutions to problems and that's why we at Warwick go for the multidisciplinary approach".

The Warwick courses are designed to appeal to three dif- ferent levels of corporate manag- ement. First there are the "young

Turks", the 25-30 year old up-and-coming young managers. Secondly there are the middle managers and thirdly, the board. "British education estab- lishments have rarely, in the past, come into contact with board members" believes Morris.

For the "young Turks", War- wick has developed the Inte- grated Graduate Development Scheme in conjunction with some of the major companies in the Coventry area. "Individuals don't commit to the scheme, companies do" explains Morris.

'Companies aren't interested in barriers between disciplines. They want solutions to problems'

Twenty-five companies partici- pate in the scheme including famous names like Rover, British Aerospace, Rolls Royce, Jaguar, GKN, Lucas, Short Brothers, Thorn EMI and Plessey.

The IGDS is, in educational jarg- on, a "modular" course with each module lasting a week or so. Course members choose around 14 modules from the 47 available. It is a broad course with options ranging from Applied Thermody- namics to Financial Analysis.

"No university could teach 100 per cent of such a broad pro- gramme" says Morris. As a result, over 50 per cent of the course material is taught by peo- ple from outside the university. For middle managers, such

intensive, time-consuming courses can be impractical. War- wick has accordingly developed short courses in which the key elements of some of the more important modules are distilled. Board members, who have even less time, tend to come in for two-day sessions at which they can discuss, in detail, their cor- porate strategies.

The faculty, which began in 1980 with just Professor Bhatta- charyya, now has over 100 staff whose work is not confined to the IGDS. The group has over £3m

been very close to industry but recently we've got nearer to part- nership than anything we've experienced hitherto" says Dr David Morris, the dean of busi- ness.

One unusual course that the polytechnic runs is the Certifi- cate in Business Analysis. "It's subtitled 'so this is what business is all about' explains David Mor- ris. The course was designed by a small team of people from the poly and a group from Rover. All the people studying for the certi- ficate are Rover employees and the course is taught at Rover, jointly by staff from the poly and from the company.

The polytechnic is also proud of its work in "technology trans- fer" - the buzz phrase for the lia- son between academic research and industry. Dr Merritt of the Mechanical Engineering depart- ment has developed a catalytic conversion engine which could revolutionise the motor industry. The Energy Systems Group has developed a low head hydro-elec- tric power unit which does not require high water pressures and thus is a cheap power source.

It is hard for a public-sector body like the polytechnic to com- pete with the salaries offered by industry. Coventry Poly tries to solve the problem by getting industry to "top up" the salary of key staff - so far companies spon- sor around a dozen posts.

The proof of an industry-based education is in winning jobs. All Co- ventry Poly's Industrial Design students were offered one before the end of the course.

Philip Coggan

Chamber of commerce

A part of the change

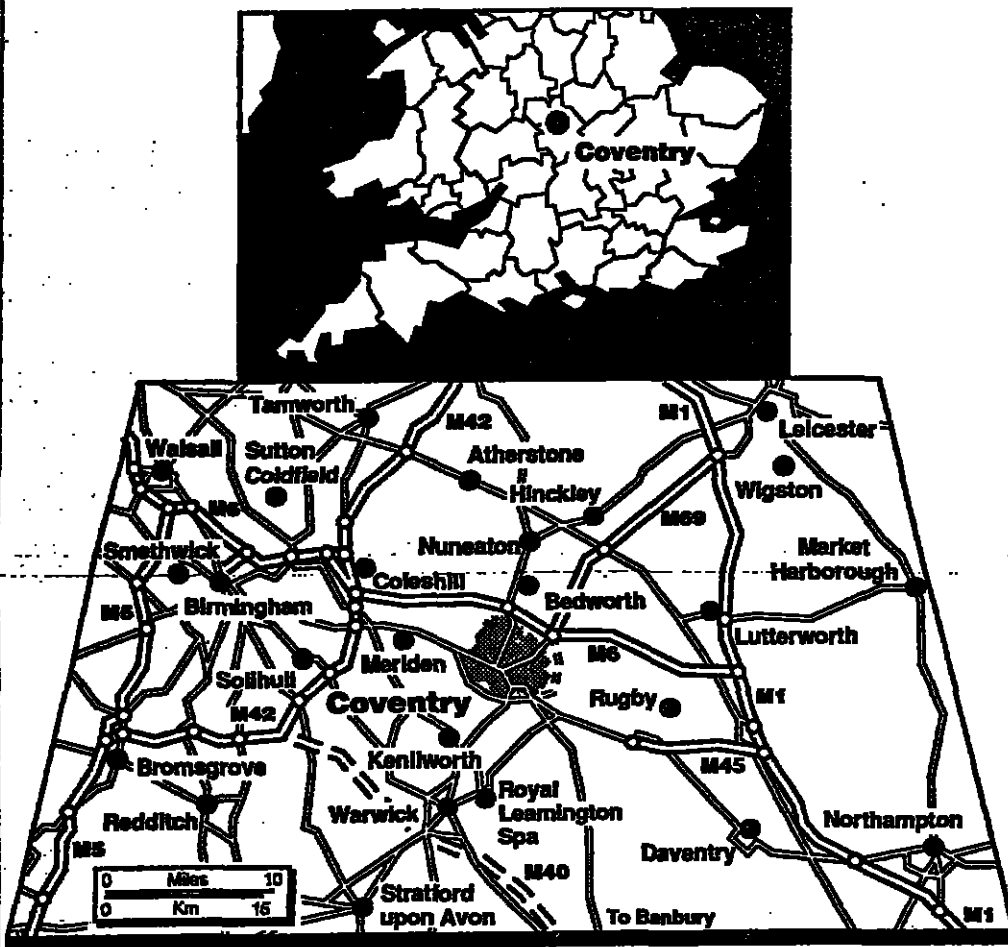
BRITAIN'S INDUSTRIAL cities, on the whole, are acutely short of business leaders like Mike Collett, President of Coventry's Chamber of Commerce.

For a start, he is aggressively, cheerfully, realistic rather than combative about other regions' attempts to revive themselves. "We're likely to benefit from their successes and they from us", and - speaking only a couple of days before restructuring of GEC-Plessey - "we shouldn't roar with triumph if Liverpool loses jobs rather than Coventry as a result of any merger. It's literally not in our interests. Merseyside people need a strong economy too, so they can buy things made in the Midlands".

If that's a refreshing change from the usual dark competitive spirit one tends to find in these places, it is little more than a reflection of his view of the political climate in which industry, commerce, and local authorities are searching for a new prosper- ity.

"We have a Tory central gov- ernment and a Labour council," he says, "dismissing it as an almost irrelevant truism. All I need to know is whether they will deliver the help we need if we get our part of the package right."

On recent performance, the Chamber's role in this is cer- tainly changing radically, with the emphasis now very firmly on job-related development. On the day Mr Collett was talking, 60 children and their teachers had



just arrived in coaches from schools in Coventry, Nuneaton, Leamington, Kenilworth, and Bedworth to take their first look at the training programmes which now account for more than half the Chamber's annual income.

The youngsters, bright, polite, scattered around offices in the St Nicholas Street headquarters, made a telling contrast to the stereotypical of Chambers of Com- merce as worthwhile but essen- tially passive and conservative institutions. Indeed, it is a sight that echoes the growth of the Coventry Chamber, which has

quadrupled its membership to 1750 companies in just twenty years and seen income rise from a few thousand pounds to just over £1m in the last financial year.

The Chamber has made use of the membership in a way that complements the Government's employment efforts: it knows its members' needs and potential far better than any public job agen- cies can. Its own Youth Training Scheme, operated since 1983, now has a placement rate of 95 per cent.

The Job Training Scheme, instituted a year ago, has resulted in 107 full-time jobs out of 502 starters. An extension of the scheme is planned for the autumn. Mike Collett sees these figures as evidence that the Chamber's new "monitoring and matching" service is beginning to work.

Like others involved with edu- cation and training in the Mid- lands today, he foresees serious skill shortages in the next few years unless there is a redoubled programme of Government-aided schemes.

But optimism breaks through as he enthuses about the reloca- tion of the Land Registry, which is coming to Coventry from Lon-

don. It represents not just jobs for the city, but all that comes with several hundred civil ser- vants and their families - increased demand for higher - standard services, housing, schools, and the like. It also puts money where the Government's mouth is. Only last month, John Butcher, MP for Coventry South-west and Junior Trade and Industry Minister, was declaring: "people in the south should be looking hard and long at the opportunities for relocating here."

Mr Collett's enthusiasm is tem- pered only by the feeling that Coventry has yet to make much of its EEC potential. "We're establishing good links and trade with Hong Kong, the Gulf States, and Egypt, but there are 350m customers not far away who we aren't tapping."

He shares others' disappoint- ment that the road links to Co- ventry, so good and getting better from the North, the South, and - eventually, via the A55 Express- way - the Welsh coast and Ireland - are still poor for get- ting goods across the North Sea. But he remains an optimist. "It's a dynamic scene," he says, "and we're a radical part of the change that is now taking place."

Ian Breach

Adjustments

from previous page who purchased it from HL in 1983 put it up for sale two years ago.

The former TI Machine Tool business now employs more in Coventry than it has ever done. This is partly because the com- pany closed a large production site near Newcastle upon Tyne two years ago and transferred production to the existing Coventry set-up.

Last year, a holding company called TMG was set up specifi- cally to buy TI's machine tool interests. The company has financial backing from Middle Eastern and European interests. The machine tool business has a board of directors which includes some of the previous management when it was under TI ownership though these man- agers seem reticent about giving

information on some of the other members of the board.

The company employs 700 at its main site in Coventry, pro- ducing grinding machines, Churchill lathes and Matrix machining centres.

It had sales of £28m last year when it just about broke even. Mr John Harris, the marketing director says sales this year are expected to be about £36m of which £3m will come from sup- plying flexible manufacturing systems and the machines for those systems.

The company, which is supply- ing Rover this year with machines for the engine and gearbox lines for the R8 Maestro replacement, says it has a healthy £35m order book.

Nick Garnett

Coventry is electric.

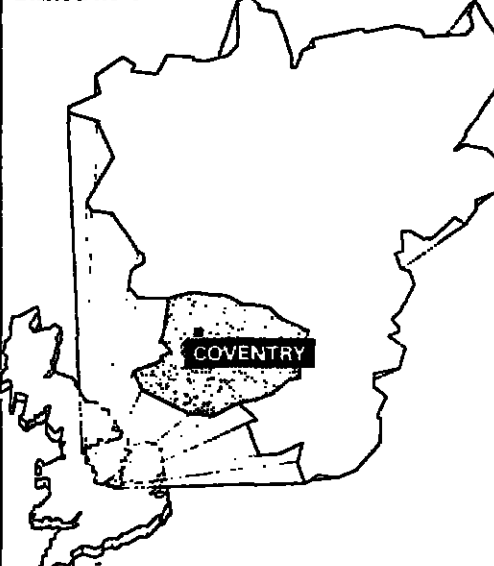
Coventry is very much a city on the upturn. New businesses are moving in. Established businesses like Jaguar, GEC, and Rolls Royce are enhancing reputations still further.

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In short the results achieved by the city of Coventry, with a little help from East Midlands Electricity, are enough to put a smile on the face of any City analyst.

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COVENTRY 4

Terry Dodsworth explains GEC-Plessey's rationalisation plans

Essential step to world rank

ONLY A month after its formal launch, GEC Plessey Telecommunications (GPT) has embarked on the long-expected rationalisation of telephone equipment manufacturing in the UK. The recent announcement of plans to cut jobs by 1,800 over the next year was not as draconian as some outsiders had expected; but it has begun a process of consolidation that is seen widely as an essential step in Britain's development of a competitive industry in international markets.

The need for retrenchment at the group, which has its headquarters in Coventry, has become increasingly apparent since the development of digital technology. As the change over to these new electronic techniques in switching and transmission has accelerated, it has changed the balance between shop floor manufacturing and development work.

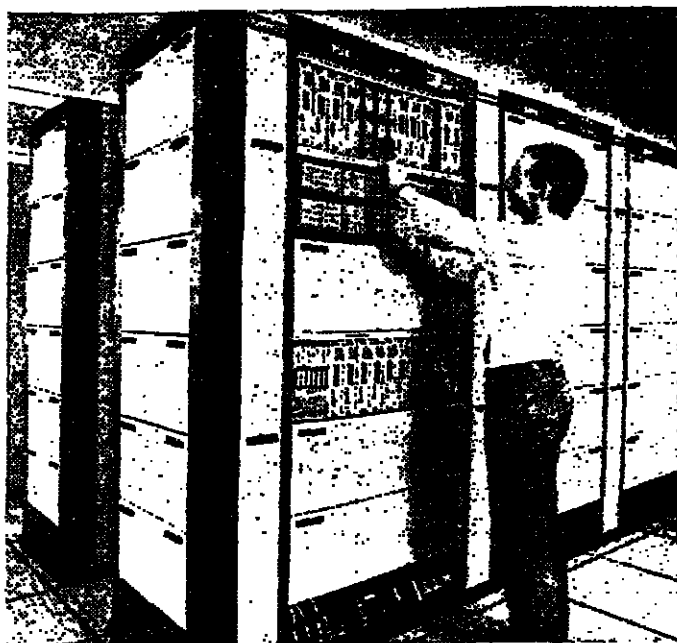
Fewer hands are required to put the equipment together, while more effort is being put constantly into upgrading the software that controls the new systems. Hence the need for manufacturing economies at a time when additional resources are having to be ploughed into system development.

For the two parents of GPT, the General Electric Company and Plessey, there was an added incentive in the merger: the perception that they could soon be left behind in the race to develop international companies in the telecommunications sector.

Growth on an international scale is seen by both as a priority. In the UK, the underlying growth in the public switch market, where GPT is selling almost all its products to just one company - British Telecom - is only about 5 per cent a year. Nor is the UK business alone reckoned to be big enough to finance the next generation of products.

In addition, the competitive threat from other large international competitors is growing. Up to now, the telecommunications industry has not bred genuine multinational companies. It has been a business characterised by national champions producing for their home markets and largely held out of overseas ones by protectionist procurement policies in the national telephone service companies.

These trade restraints, however, are now beginning to break down. Liberalisation policies



GEC-Plessey's flagship: the System X digital telephone exchange

have reduced the height of some of the barriers, and the larger companies are marshalling their forces to push into previously proscribed foreign territories. Ericsson of Sweden has won some notable victories on this front over the last three years, and it is now being followed by a clutch of Japanese, US and European companies intent on emulating its approach.

GPT's rationalisation announcement underscored some specific points on the potential for streamlining in the two companies. The job cuts, from a total workforce of 1,800, amount to a total of just under 10 per cent - a sizeable amount in an industry that is expanding, even though some analysts felt there might have been more.

At the same time, however, the company has made it clear that it does not intend to trim back in either the sales and marketing, area, or in engineering and product development. Indeed, it evidently sees a need to continue a high level of investment in these activities, particularly in gearing up to take on foreign markets.

The production of System X digital telephone exchanges, the company's flagship product, is also being gingerly reorganised to cut out manufacturing at Kirkcaldy, north of Glasgow. This will leave System X output concentrated at Coventry.

The plans for System X are of paramount importance in the joint venture because about one-third of the group's turnover lies in this switch technology field. It also provides significant potential for streamlining, because identical equipment is being made at each of the plants - a legacy of the methods used to develop the switches jointly under plans orchestrated by BT.

Some engineers believe that the new group should have centralised its System X output on just one plant, preferably Plessey's Liverpool facility. This would possibly have cut overhead costs more radically than will be possible with two plants; and it would have allowed greater utilisation of the Liverpool operation, which is said to be large enough to meet the manufacturing needs of everything that is made in the two facilities at present. Nevertheless, about 700 jobs may be eliminated at Kirkcaldy unless alternative work is found for the plant, while component production is being concentrated at Coventry.

The group's Liverpool activities, which also embrace pay-

phones at Chorley, will lose around 70 jobs in total as a result of the changes, finishing with a total of 3,000. The main concentration of production will remain in the Midlands, the heart of the former GEC activities. The plants in and around Coventry, employing around 9,000 workers, will dominate output of transmission products, a fast expanding part of telecommunications; and Beeston in Nottinghamshire, which employs 4,000, will be the centre of the group's business systems division, manufacturing private office telephone exchanges and other equipment which does not go into the public telephone network.

The rest of the group's activities will be scattered around the country - at Ballynahinch in Northern Ireland, where the plant makes System X parts and payphones, at Ayrcliffe in County Durham, making telephone sets, and Poole in Dorset, a design centre of System X software. One foreign business will also be part of the group: GPT has absorbed Stromberg Carlson, the Florida-based switch manufacturer acquired a few years ago by Plessey, and now beginning to pick up orders from the big US telephone companies.

In spite of this shakeup, there will still be plenty of questions among investors about GPT's ability to prosper. On the question of size, for example, the company ranks only about seventh in the world league of telecommunications equipment producers. Its total sales, at £1.2bn a year, are about one-sixth of those of Alcatel, the French-controlled group formed from the merger of CIT-Alcatel and ITT's telecommunications activities, a group which employs about 135,000 people in Europe.

Its strengths are an extraordinarily strong position in its home market, where it holds around 70 per cent of the public switch market at least, a healthy financial condition, a firm foothold in the US through Stromberg Carlson, and a range of new products that could prove highly successful if they can be effectively exploited in overseas markets. All of these points could help establish GPT as a significant world player over the next few years; and they will almost certainly play a part in persuading other international companies to form closer links with the UK group.

IN AN unlikely outpost of the silicon economy, Husky Computers has established itself as Britain's leading maker of hand-held computers, a narrow but lucrative market in which it claims a dominant position.

Husky occupies the first and third floors of the Courtlands research block in Coventry, separated by the textile group's own labs on the second. As Courtlands has contracted, it has let out surplus space to small enterprises, creating an ad hoc industrial estate.

If the setting seems a world away from the science parks of Berkshire or California, Husky has never strayed from its Midlands roots - an "accident of history," the company admits.

Founded in 1977 as an electronics design consultancy, it originally traded from above a solicitor's office in the centre of Coventry. Early projects included designing infra-red-controlled toy cars for Matchbox/Lesney and electronically-monitored soap dispensers for Unilever.

Only a decade later, however, Husky's annual turnover is running at £10m and its export record - 40 per cent of total sales and growing - won it a Queen's Award this year. The growth is all the more remarkable considering that its three founders (who gave their initials to the original name, DVW Microelectronics) left long ago and that it has had three corporate parents in less than two years.

Husky came of age in 1980 when the Severn Trent Water Authority asked DVW to design a "rugged" version of a US-made hand-held computer so that its field personnel could directly

IT SOUNDS like a Midlands metalbasher, and its presses do stamp out components for more truck cabs - 20,000 a year - than any other independent manufacturer in Europe. But few other UK companies have a name which so belies the reality.

Motor Panels was very much part of the old Coventry, but the very fact it exists - and thrives - today, when many of its former customers have merged or simply folded into oblivion, singles it out as a symbol of industrial resilience.

It vindicates the company's emphasis on design: not just of the finished product but of the manufacturing process itself.

Most of all, however, Motor Panels' survival is proof of the value of contrary thinking, and the courage and financial resources to carry it out. Several times in the past two decades, Motor Panels has successfully defied the conventional wisdom of British industry.

Profile: Husky Computers

Portable profits

enter flow data as they waded through rivers and streams.

Taking the model apart, the designers concluded they might as well start from scratch and so developed the first rugged hand-held computer, water-proof and shock-resistant. After an item about Severn Trent's new gizmo on BBC's Tomorrow's World elicited no fewer than 3,000 inquiries, DVW withdrew from consulting and became a full-time manufacturer of computers.

It was through the Severn Trent project that DVW first caught the eye of Ian McCue, chief executive of Sarasota Technology, then an independent company but now, like Husky, a subsidiary of Peck, the acquisitive electronics group.

Sarasota itself had been working on river flow gauges for Severn Trent. "It was the greenfield in which we both met," says McCue, now Husky chairman. Sarasota became Husky's US sales agent several years before the two companies - at McCue's behest - found themselves under the same corporate umbrella.

In the meantime, Husky (which changed its name from DVW) had been owned by two other public companies. The first, Aldcom International, a loose confederation

of design firms, was taken over in October 1986 by Addison Consultancy, the public relations group. Addison had little interest in owning a computer maker and sold Husky to Peck for £3.8m last July.

Since developing the original Husky, the company has focused on products designed for "occupational users" - sales representatives and service engineers - steering clear of the more competitive high-volume consumer market.

Husky computers are now used for stocktaking, reading water meters, surveying, agricultural and market research, medical diagnosis in the African bush, and monitoring railway goods wagons in France. There is even an "intrinsically safe" model for use around explosive materials.

The Ministry of Defence uses them not only for on-line diagnosis of Rapier surface-to-air missiles but also to test the stress faced by paratroopers and tank crews. The computers allow instant communication with mainframes as well as data collection and on-the-spot calculations.

Remote interrogation of the latest models requires sales repre-

sentatives to do nothing more than place the computer on a push-button modem when returning home in the evening. Information to be fed back and forth from head office, allowing orders to be processed and new instructions to be fed into the Husky for the next day's rounds.

Superficially, Husky's narrow focus extends to its product range. To paraphrase Henry Ford, you can have a Husky computer in any size you want, as long as it's A4 size - 11cm (about 4.3 inches) by 8.5 inches. Qualifying as hand-held with the aid of a strap on the back, a sales pitch brags that the computer is "small enough to lose in an ordinary briefcase."

Compactness has its price, however. The Hawk, Husky's first non-rugged product and its cheapest model, ranges from £250 to £1,350, while the Pioneer - best of the hardy models - starts at £1,000 and goes to £1,600, depending on facilities including memory of up to 1.1 megabits.

All assembly is done in Coventry. Up-to-date automation techniques make it unlikely Husky will consider moving. McCue says, although local content laws in some export markets might eventually shift some assembly abroad.

Husky's technical innovation and focused strategy has succeeded so far in side-stepping the cut-throat competition of the international computer market. McCue, however, knows that this is unlikely to last forever: "If there's a good market, others will recognise it and jump on the bandwagon."

Clay Norris

Profile: Motor Panels

Courage pays off

Mr Merrick Taylor, managing director for 15 years, puts it simply: "Invest in recession to pay off in boom."

The most dramatic recent illustration of this strategy was in the 1981-82 recession, when Motor Panels' output dropped to 50 cabs a week, compared with the 120 it had been producing a decade previously.

At the very nadir of its fortunes, Motor Panels committed itself to a £2m investment in a cathodic paint shop - a process which doubles anti-corrosion protection. It was the first indepen-

dent company in Europe to take the plunge.

Unlike many other engineering companies, Motor Panels also kept its apprenticeship programme in place throughout the recession. In 1982-83, it had, in relation to its size, the West Midlands' highest apprentice intake. It even took in people who were cut off mid-apprenticeship at other companies.

It has subsequently invested nearly £2m in computer-aided design, co-operating closely with IBM on technical development and demonstration of CAD

systems. The courage paid off. Since returning to the black in 1983-84, profits have nearly trebled on turnover which has more than doubled to almost £40m.

Yet, outside the motor industry and design circles - where Taylor is a leading light - the company is hardly a household name, a fact not unconnected with the secret of its success.

As part of Rubery Owen, the private family-controlled engineering group, Motor Panels was able to keep at bay market forces which spell the end of so many similar companies. Motor Panels and associated companies employ nearly 1,000 people in the UK, of whom 550 work in Coventry.

As a private company, says Taylor, "It was easier to be non-conventional. It was easier to break conventional wisdom. It was more difficult to resource it. I spent the vast proportion of my time in actually organising the investment."

Continued on page 5

THE 1988 CAR OF THE

COOL



PEUGEOT. THE LION GOES FROM STRENGTH TO STRENGTH.

COVENTRY 5

Commercial and industrial property

Investment opportunities in demand

THE ECONOMIC revival and the diversification of Coventry's economy away from the motor industry has flowed through into the property sector, creating a demand for space and pushing up rents.

The property market in the city has always had a life of its own. It is an individual centre quite distinct from Birmingham and Solihull. But it is, at the same time, generally a bit cheaper. The fact that it is part of a wider geographical pattern of economic growth means that it can draw in space users deterred by higher prices elsewhere.

By the same token, it is one of several magnets in the West Midlands region for investment funds seeking opportunities that have become increasingly rare in the London and South East.

There are no precise figures but much of the investment interest has come from property companies. The financial institutions have been curious about the market but their scope for spending is limited by the small amount of property on the market.

"In the last six months," said David Holt, a partner at Cartwright Holt, chartered surveyors in Coventry, "there has been demand for standing office investment. It has been coming from London, from development companies and private investors. They have made big profits in the south. They've realised there are new opportunities in the Midlands."

The institutions though have been consistently interested in retail investment, whether it be at Coventry or anywhere else in the country. And it is in the retail sector that the most obvious signs of property development are visible.

The Coventry City Council has been keen to see a new generation of shopping facilities introduced. The city centre was one of the first in the country to become car-free, but in recent years it has looked tired.

Now, however, Burton Property Trust is starting a £80m scheme to provide 250,000 square feet of redeveloped space and St Martins Property is to embark on a £10m speciality centre designed to draw in the visitors attracted initially to the adjacent cathedral. Land Securities may cover in that part of the inner city shopping precinct that it owns.

"There is hardly a piece of the city centre which is not being looked at for regeneration or refurbishment," noted Mr Holt. Combination of all the planned developments should secure the commercial future of the centre which is seen, against the background of resumed economic growth in the area, to be capable of sustaining a higher level of retail activity.

Outside the centre development has been limited to a few retail warehouses, but there is now a search among developers for new opportunities. Ladbrokes

City and County Land won a tender for a new retail park on an old British Rail goods yard, while Bryant Developments is engaged in a planning appeal for permission to develop another park on land which is actually in the planning jurisdiction of the Rugby District Council although on the Coventry boundary.

There is hardly a piece of the city centre which is not being looked at for regeneration or refurbishment.

The retail market itself is very tight with few properties available for lease. And the same is true of the inner city office sector. Any prospective tenant looking for 10,000 square feet would find it difficult to find.

Although there is now growing investment interest and the conditions look favourable for some speculative development, most development activity at the end of a single decade has been for owner-occupation. Equity and Law Assurance has completed its own building, so has Cartwright Holt, and the Land Registry has plans for a 125,000 square feet building.

Elliott Son and Boyton, chartered surveyors, noted that although it takes time for the market to react to shortages of supply, rental movements in the next year are likely to be significant.

Starting off a base of \$3-54 a sq ft at the beginning of 1987, said Mr Holt, rents have moved to \$5-26 and could rise above \$6 in the coming months. It is this sort of level which makes development a financial possibility again.

City centre rents are likely to remain at a premium to those out of town where the major project is the Westwood Business Park. Here the Coventry City Council has undertaken some development on its own behalf and has released land to property companies.

The asking rent at phase one of The Oaks section of the park, under construction by Science Park Developments, is up to \$8 a sq ft. At the Merda business village, also in the park, Northern Workspace has 13 units under offer and a bid by two London-based investors to buy the rest.

The space being created fits into the B1 category of general business use. Although originally conceived as an extension to the Warwick University Science Park, Westwood is in fact turning through force of demand into a campus office park. The level of this demand - from the likes of computer and marketing companies, not to speak of tenants

already in the Science Park seeking more space - is the clearest indication available of the growing strength of the local high tech and office market.

The industrial market too is constrained by lack of space, a point singled out by Mr Nicholas Ridley, the Environment Secretary, in his strategic planning guidelines for the West Midlands, when he emphasised "recycling land for industrial purposes in Coventry" as a point of planning policy.

Although small industrial units have been developed, taking advantage of industrial building allowances, a shortage of units of more than 500 sq ft has emerged - in common with other areas, like North East England. Recent development's like the City's Seven Stars Estate have been fully let.

Mr Holt noted that the last one acre site for general industrial purposes that his company had sold had reached a price of \$145,000. He could think of only one other available site of the same size in Coventry. The City Council has been active as a developer in its own rights, largely because the private sector has, until recently, seen rents as too low to warrant speculative development. Given continued growth in the national economy, however, Coventry could become a favoured location because of its easy motorway access.

Paul Cheeswright

Westwood Business Park

A case of leadership

HOPES ARE running high in Coventry that the Westwood Business Park will prove the turning point in the city council's plans to diversify the economic base of the city.

Together with the adjacent Warwick University science park, set up four years ago, Westwood will provide the sort of accommodation which is attractive to established companies re-locating from the South-East as well as smaller and start-up units. Later phases will include high quality housing.

Westwood is located on the south west side of the city, bounded by wooded parkland, with easy access to the existing motorway network. This will be improved further with the extension of the M40 from Oxford to Birmingham, which is likely to put this part of Coventry pretty firmly in the prosperous southern belt of Britain.

The 74 acres site has been in the council's ownership for many years, and was intended originally for public housing. The decision to use the site for a business park was taken at a time when the health of many of the city's industries were at a particularly low ebb. In the environment immediately after the recession, it was clear that the council would need to take the lead in developing the site.

Starting last summer, the site was cleared, services laid down, and road access improved at a cost of \$2.2m. The council financed the first office building, primarily to create interest among developers, but also to set

a high standard of architecture for the rest of the park.

The building, so far unnamed, is now ready for occupation. Four of the 10 units have been taken by companies which provide a flavour of the mixture of activities that are likely to move to the park: Ingersoll Machine, Werkzeug, Gleason Works, Allied Dunbar Assurance, and Harding Machine Tools. The council is currently letting at rents of \$5.50 to \$7 a sq ft for units of 2,500 sq ft upwards. Leases are 21 years, with rent reviews every three years.

These compare with rents of around \$5 a sq ft in the city centre. They are also slightly above rents in the science park, reflecting the fact that companies in Westwood will not have to satisfy the rules that apply regarding scientific and/or technological content in the science park.

To date, one company, Armstrong Equipment, has settled on Westwood for its corporate head office on a six acres site bought from the council.

An important pointer to the growing diversity and changing perception of Coventry is the fact that private sector speculative developments have been signed up to build accommodation suitable for offices and light industrial use on the park. Work will start shortly on land leased to London-based Science Park Developments. Its first phase will be known as the Oaks. Preston-based Northern Workspace has disposed of nearly half the 1,500 sq ft units to be built in the Merda business village, and Durngate Developments is due to start

on its development of very small units.

Westwood is the most prestigious office and industrial property venture undertaken by the council. Together with more conventional units are dotted around the city, it has filled a gap left by the private sector which was not prepared to take a risk on Coventry.

The Warwick University Science Park, whose shareholders also include the council, West Midlands Enterprise board, and the county council began the change in image.

In the past year, it has acquired a further 16 acres to enlarge the park to 42 acres in total. An early vindication of the expansion was that Bashier UK signed a lease to take 4 acres for the construction of a European headquarters and research and development base.

Some 40 companies are now located on the park. Several have moved out from the Barclays Venture Centre to larger units so that their places can be taken by smaller companies. English Estates will be investing \$1.8m in a 30,000 sq ft speculative building. The intention is that it will be bought by a financial institution eventually.

The growth in jobs to nearly 500 on the science park has been faster than predicted originally, which is particularly gratifying in a city that has seen thousands and thousands of jobs in traditional engineering disappear over the last eight years.

Hazel Duffy

Motor Panels' courage pays off

Continued from page 4

Taylor does not hide his contempt for UK accountancy's "audit-and-reversibility" cycle which dominates the City's view of industry. As a design-conscious industrialist who faults state education for being too concerned with words and numbers and not enough with imaginative skills, Taylor admits he would get short shrift from many number crunchers.

He insists, however, "Intellectual investment is actually the area where the profits and margins are made."

This conforms with the three key decisions in the company's 50-year history: developing pressing technology for car bodies in 1930s, the same for truck cabs after World War II, and then, at

beginning of the 1970s, to become design-led.

The last move was not a great departure. Motor Panels had always had close links with its customers - developing the first "cab" in the late 1940s for truck makers including Thornycroft, Guy and Dennis, and then the Leyland Albion Dodge cab for those companies.

"It was this cab that made Leyland so successful that they took over the car industry," Taylor wryly notes.

In the late 1960s, Motor Panels spearheaded the development of the 2.5 litre Transcontinental - its first cab not designed for a specific customer - to meet emerging international regulations. Leyland requested a similar cab,

from which developed the Roadtrain, still in production at Motor Panels more than 15 years later.

"All the way through, we kept a hand in car bodies," says Taylor. Motor Panels and an associate Coventry-based company, Park Sheet Metal, together account for the pressing, painting and assembly of all Daimler limousine bodies, 300 a year. Motor Panels also made bodies for the Rolls-Royce Camargue and Jensen Interceptors and Healeys.

It also built Bluebird, in which Sir Donald Campbell broke the land speed record, as well as the Rover BRM Turbines which raced at Le Mans in 1963 and 1968 and General Motors' XVR gullwing show-car. It declined to tender for De Lorean.

At present 60 per cent of Motor Panels' engineering work is involved with cars, suggesting that significant unannounced projects are in the pipeline.

The 1970s move into engineering design reflected a realisation that manufacturing alone would become less and less important.

'Intellectual investment is actually the area where the profits and margins are made'

Pure design contracts, often for overseas manufacturers, would play a greater role.

Once again, "We went in exactly the opposite way from the majority, exactly the opposite. While they were cutting back, we were building up." The

engineering department has grown from 15 to 100 since the early 1970s.

The most important developments were in manufacturing. A "flexible build system" enabled cabs of different lengths and widths to be assembled on the same lines. Along with standard panels which accounted for 70 per cent of each cab shell, this meant that the volume of each

model was no longer crucial. The system was also well suited for knock-down kits.

Implementation of just-in-time deliveries means that Motor Panels now has only 350 tonnes of steel in stock for weekly output of 400 cabs. It used to be 3,500

tonnes for 100 to 150 cabs per week.

The next big investments will be in press technology and in the tool room, where computer-aided manufacturing will play a large role.

For 15 years, all products and production processes have been designed with robots in mind - panels fit together with external flanges, for example - but Motor Panels is still not convinced they are cost-effective for a medium-size producer. An experiment is likely in one limited part of door assembly.

Taylor is convinced that design quality will become increasingly important, especially in the sophisticated European market. "Price can never be cheap enough, if the rest isn't there."

Clay Harris



Mr Merrick Taylor, managing director of Motor Panels: "Invest in a recession to pay off in a boom"

THE YEAR IS BEING BUILT IN

ENTRY

PEUGEOT 405



CELEBRATING 1988

COVENTRY 6

The city is anxious to avoid its own North-South divide by vigorously tackling ...

Demands of age and unemployment

FOR MOST of the post-war years Coventry enjoyed an image as a boom city where any social problems were the product of a more than fair share of affluence.

This image was always somewhat simplistic. But the full employment which modern Coventry came to take for granted undoubtedly left its population particularly ill-equipped for the 1980s when - not for the first time in its history - the city fell victim to over-dependence on a narrow industrial base.

As recently as the early 1970s, Coventry's unemployment rate was below 3 per cent. During one two year period - between January 1980, and January 1982 - it increased from 7.7 per cent to 18.9 per cent and has remained around this level until recently when, in spite of some decline, it remains above the national average.

Unemployment in the Coventry local authority area in March

was estimated at 15.3 per cent, compared with a West Midlands regional rate of 14.3 per cent. People who have been out of work for more than a year make up half the city's jobless, while 26 per cent of the unemployed have been without jobs for more than three years.

There is a strong link between long-term unemployment and both poverty and health problems, and the human consequences of these figures has put heavy pressure on the city's social and medical services.

Coventry, in spite of the modern image generated by its post-war city centre, has a considerable share of the inner-city problems associated with older industrial areas - both literally in its inner city and on peripheral housing estates.

Unemployment - even in the days of prosperity - was never shared evenly around the city and the contrast now shows more

starkly than ever, with rates ranging from around 7 per cent in some wards to above 30 per cent in others. Both adult and youth unemployment are at their worst in parts of Coventry which have a high concentration of fam-

The painstaking work of trying to replace jobs lost in engineering has begun

ilies from ethnic minorities, and the unemployment rate among black people in the city is estimated to be double that for whites - not that this is a phenomenon unique to Coventry.

One of the Government's Action for Cities task forces was set up at the end of last year in the Hillfields/Poleshill area of Coventry - a district which bor-

ders the city centre and combines a familiar range of inner city social, employment and environmental problems.

About 55 per cent of the task force area's 27,000 population are members of ethnic minorities, mainly of Asian origin. Recent unemployment rates in Hillfields/Poleshill have exceeded 30 per cent.

Within the task force area are monuments to industrial glories from Coventry's recent past, like the country's first car production line and largest machine tool shop. Now Mr Derek Player, the task force director, and his staff have begun the painstaking work of trying to replace jobs which have been lost in engineering with new skills and opportunities.

The construction, hotel and catering and community care sectors have been identified as areas of likely employment growth for Hillfields and Poleshill, and train-

ing opportunities are being concentrated on them. About 90 Asian-owned clothing companies in and around the area are another important source of employment, supporting some 2,000 jobs.

Mr Player acknowledges that the task force is taking longer to develop relationships with the ethnic minority community than the white one, but progress is being made through two members of his staff who speak Asian languages. Plans involving local Asian professionals have been advanced to set up a project under the Government's proposed new employment training programme to overcome an under-representation of Asians which has been experienced on the Community Programme for the long-term unemployed.

The task force is also supporting, in conjunction with Coventry City Council and Warwick University, a skills audit of 7,000 Coventry people - including 1,500 in the task force area - to gather information on their work histories and skills and training aspirations. It is believed to be the most extensive exercise of its kind undertaken in the country.

Coventry has traditionally been a city to which people have migrated - from elsewhere in Britain and overseas - at times when jobs have been available.

Such movements of population can skew the age structure of an area away from national norms. There will be a sharp increase in the proportion of old people in the British population by the early 21st century but Coventry, as a result of a big influx of newcomers in the 1950s, is already experiencing this problem to a greater than average degree.

In 1971 only 10.2 per cent of Coventry's population was aged 65 or over. By 1991 the proportion will have risen to 15.3 per cent while a 52.6 per cent increase in the number of people aged 85 or over is expected between 1981 and 1991.

Coventry has traditionally been a city to which people have migrated

Elderly people are among the most expensive consumers of health and welfare services and this change in the population structure poses major planning and financial challenges for the city's health and social services authorities.

It has already been reflected in a distinctive change in Coventry's social services spending during the 1980s. The proportion of the city council's social services budget spent on children's services declined from 36.8 per cent in 1980-81 to 27.3 per cent in 1987-88, and services for elderly people have become the top social services spender, consuming 45.4 per cent of the budget in 1987-88.

The city has to make provision for this population change at a time when the consequences of unemployment have put other strong pressures on its social services resources. Officials therefore look with relief at signs of increasing economic activity in Coventry but Mr Martin Brasington, Director of Social Services, expresses a widely-held concern that Coventry could finish up with a North-South divide within its own boundaries.

"The danger is that we could find ourselves in a divided city where 80 per cent of the population are doing well but the remaining 20 per cent face lives of growing disadvantage and poverty. It is this that we have to find ways of avoiding."

Alan Piles

Tourism

Beyond Shakespeare

HOW WOULD you like to be "sent to Coventry"? A phrase which describes those shunned by the rest of the community is hardly an encouraging beginning for Coventry's attempts to establish itself as a tourist centre.

The phrase originated in the English Civil War when Royalist troops were imprisoned in Coventry's St John's Church. When they were paraded through the streets, the story goes that the local populace turned their backs and refused to acknowledge the prisoners.

Twentieth century dentists of Coventry are rather more enthusiastic about visitors. The council's marketing unit is encouraging tourists with the phrase "Coventry - The City in Shakespeare Country" in the hope that those set on visiting the bard's haunts in Stratford-upon-Avon will opt to stay in Coventry where the prices are cheaper.

To tap the "Ye Olde Nostalgia" market, the city offers not only Elizabethan banquets but a "Dial-a-Shakespeare" service for groups who want to see an evening of costumed readings in their hotel. Stratford is described as "a thirty-minute drive" away and there are picturesque locations like Stoneleigh Abbey and Coombe Abbey even closer by.

However, there is limited mileage in such a marketing strategy. "Come and see us, we're close to much nicer places" is not a particularly alluring message.

So Coventry is also striving to stress the attractions of the city itself. The most obvious is Coventry Cathedral, visited by an estimated 500,000 people last year.

The architectural merits of the cathedral are still the subject of some debate. But the cathedral's real appeal lies in its symbolic

association with the revival of the city itself.

The old cathedral was flattened in a German bombing raid of 1940 which also laid waste much of the city. The day after the raid, Jock Forbes, the caretaker, found two partly burned beams, made them into the shape of a cross and planted it in the ruins.

That cross came to symbolise Coventry's resurrection from the rubble and a new cathedral was built next to the ruins of the old. Designed by Sir Basil Spence, the new cathedral, which was consecrated in 1962, contains sculptures by Sir Jacob Epstein and Graham Sutherland's giant tapestry.

Coventry's other claim to historical fame is Lady Godiva. The wife of Earl Leofric and sister of Tharold, Sheriff of Lincolnshire may well have been noted at the time for her piety and devotion to the service of the church. But legend has immortalised her for a naked ride on horseback through the streets of the city in protest at her husband's excessive taxes.

There is obviously some tourist potential in the story. In Peter and Gordon's song of the 1960s, the Godiva "How'd you like to be a star? You're a girl that could go far, especially dressed the way you are."

But the modern Coventry's only concrete, or rather bronze, tribute to the famous streaker is a statue in the Broadgate shopping centre. The city is hoping to build on the tradition with a Lady Godiva walking trail and even a "Godiva break" theme holiday.

Perhaps the most inventive attempt by Coventry to spark tourist interest is "The Great British Motoring Experience". A

series of car history trips advertised in the TV Times, received an encouraging response from those fascinated with all aspects of the automobile.

Tourists can witness the production of the Peugeot 405 (of "burning field" advert fame). Massey Ferguson's tractors or even London's famous black taxis made by Cabodies.

In the centre of Coventry, there is an impressive Museum of British Road Transport which covers everything from the earliest bicycles to Thrust 2, the car which set the current world land speed record.

It is backed up with special holidays like the "Big Cats" weekend during which visitors are lent a Jaguar XJS to pursue a treasure hunt through Warwickshire. Given modern enthusiasm for the car, "The Great British Motoring Experience" looks destined to be a success.

The city is also trying to increase the number of business visitors. Last year, it appointed a conference marketing officer, Sally Delghan, to boost the firm or so that Coventry derives from conferences each year.

Coventry has no purpose-built conference centre but it still manages to attract a steady trickle of organisations ranging from the Association of Polytechnic Teachers to the International Scouting Association.

There is no doubting the city's determination to improve its image. A private sector body, CAVCA (the Coventry Area Visitor and Conference Association), was formed last year to back the efforts of the city's tourism department.

Philip Caggan

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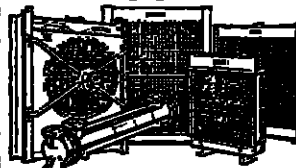


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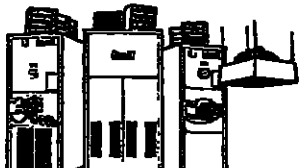
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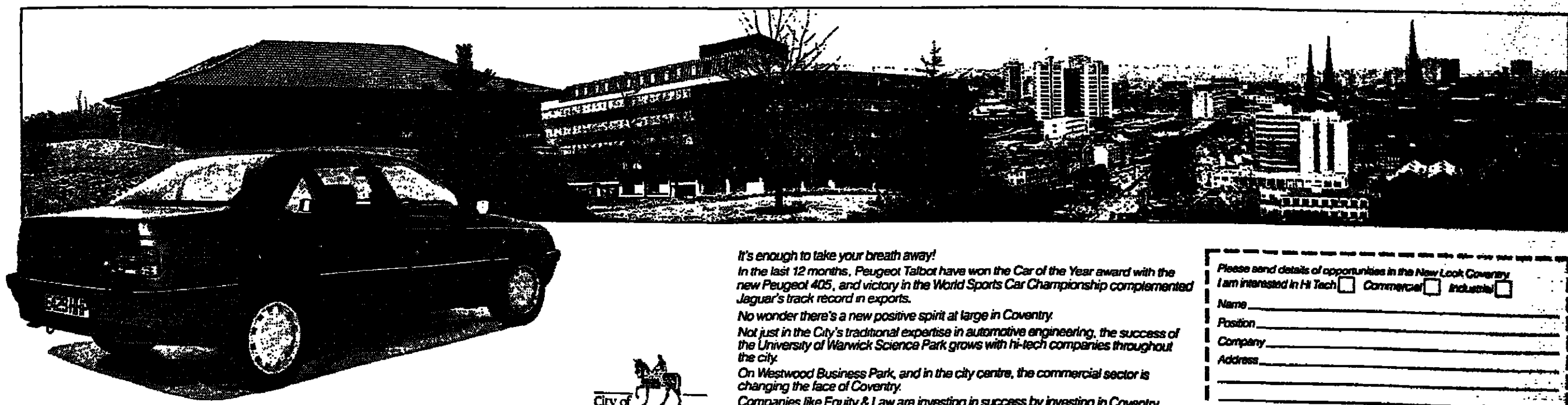
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